

AUGUST, 1919

THE

VOL. XV. No. 8

FAR EASTERN REVIEW

ENGINEERING FINANCE COMMERCE

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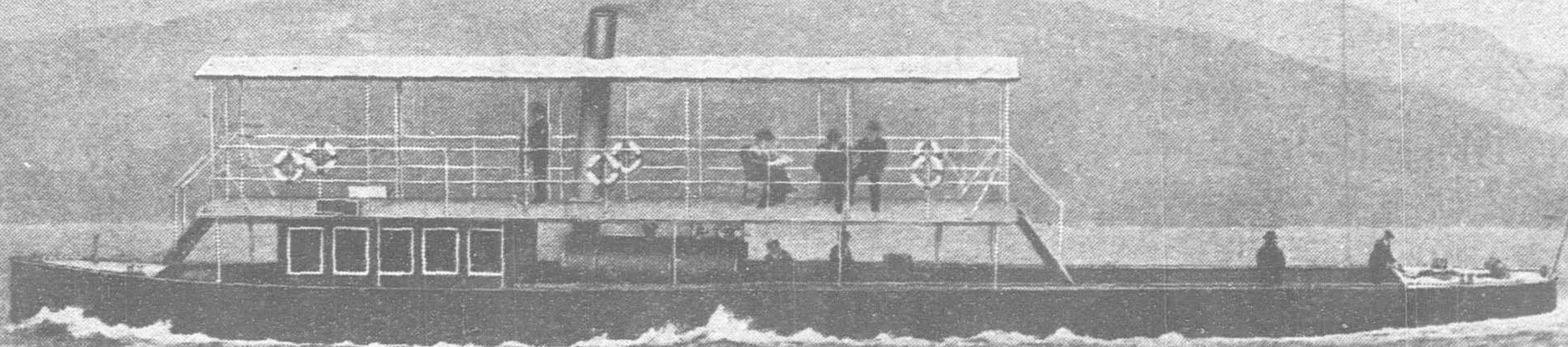
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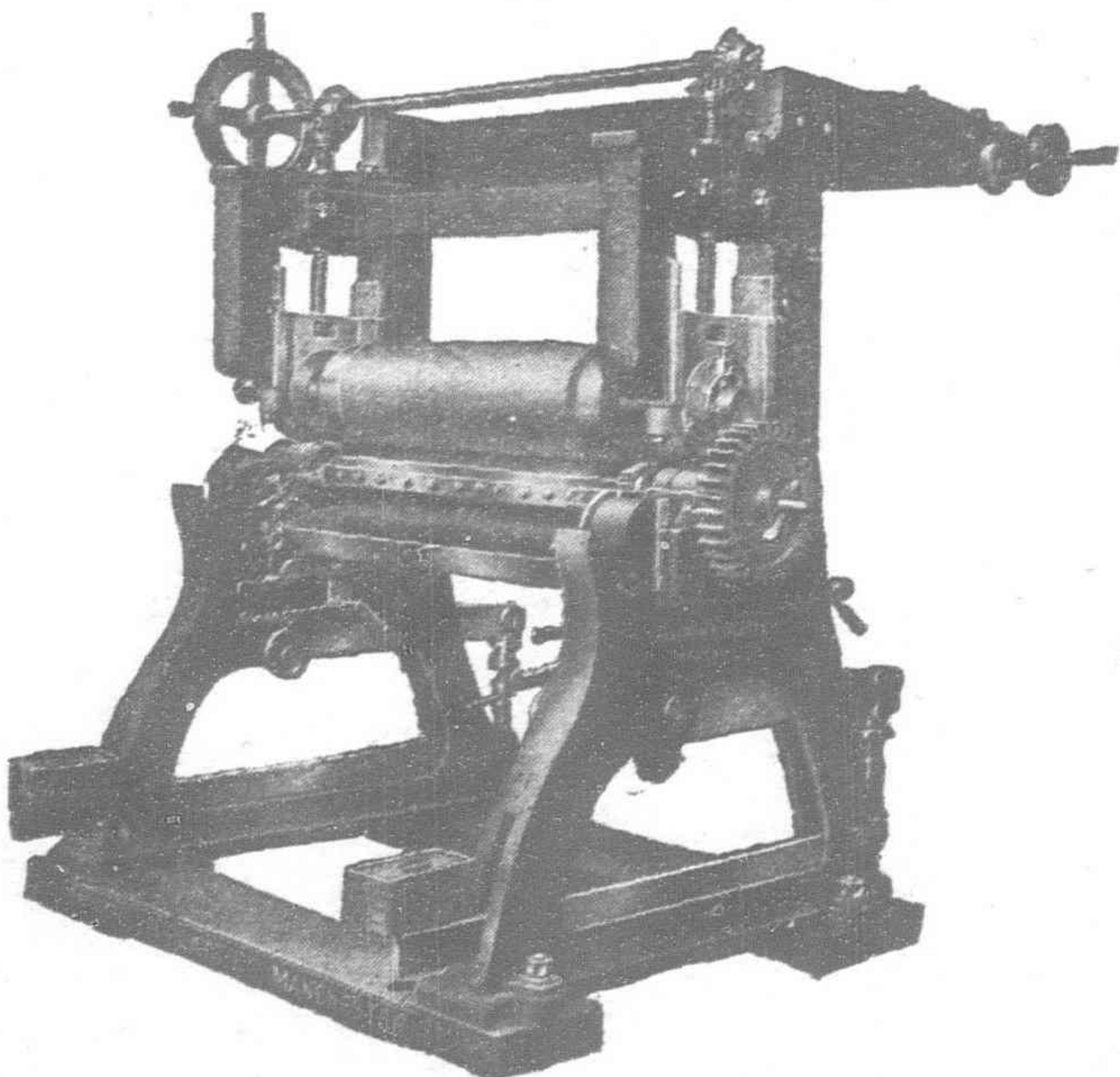
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The Far Eastern Review

ENGINEERING

FINANCE

COMMERCE

VOL. XV

SHANGHAI, AUGUST, 1919

No. 8

Architectural Effort and Chinese Nationalism

Being a Radical Interpretation of Modern Architecture As a Potent Factor in Civilization

By William H. Chaund, Armour Institute of Tech., Department of Architecture

It is only too apparent that the architect is not a familiar figure in China; he does not play a conspicuous part with us. Thus it has been and is still the situation. The political turning point a few years back, dated, however, a new epoch in our national history. It indeed, marked the advent of an expanding human outlook in many directions and, the growth of newer needs in the oldest of nations.

To-day China must standardize itself anew. The motto of the Twentieth century is EFFICIENCY—"The power of energetic and useful activities." The dominating spirit and aim of the age is to live the vigorous, sane life—adjusting and altering man's surroundings to serve, in the highest possible degree, the essential requirements for physical health, physical comfort, and business facility. In the effort of attaining this end the architect to-day is playing (in the western world) a very important and unique part, and is destined to play an ever increasing part in the future. In fact the architect assumes a very distinctive obligation to the public, or rather an obligation imposed upon him by the nature of his own profession. He is thus considered—very justly so—an indispensable servant to human evolutionary progress. On this ground the writer urges that the thoughtful minded among the Chinese be impressed more deeply with the immensely significant amount which the architect is able to contribute to the community's need and to the national welfare. It is impossible to lay too much emphasis upon this point. For heretofore we in China have taken cognizance of most of the progress made in science, engineering, philosophical culture, political science, economics, etc., but we have altogether overlooked the vital question of human efficiency, life standard, and public safety; and have failed utterly in giving thought to the sanitary, hygienic and aesthetic possibilities of the environment in which we live—all of which from the architect's point of view, are problems affording particularly fascinating scope to his professional efforts and artistic skill. In truth, his mind and hand are trained to deal adequately with problems of such character.

The question immediately arises; why, then, is the architectural profession so little considered to-day by our responsible public? The reason is not obscure. To be quite free and candid, we do esteem highly the architecture of the western world, when we think of it at all, but it has never been sufficiently presented to our minds as being a potent factor in the development of a civilization. So far architecture seems to us, rather as only a matter of secondary importance—a singular advantage, a matter of convenience or luxury perhaps which is quite permissible to forego. And what is more, the western aesthetic conception does not yet appeal to the average man among us; and perhaps never will to the fullest extent, since our aesthetic ideals and sentiments are not essentially the same. However, though not completely sympathizing with the western ideals as regards art, the East has nevertheless taken sufficient cognizance of western science and industry to appreciate their full value and meaning. So, for us

to gain a proper understanding of the part that the architect is really playing in the civilization of the world, we must evaluate architecture according to its various utilitarian aspects rather than the artistic. In other words, for us in China truly to appreciate the architect's proper place as a useful citizen whose work fills a place in the world's need, be it a necessity or a luxury, his profession—that is architecture—must be presented and interpreted in terms expressive of utility, or industry, and science which we can grasp, and, which for the present at least, appeal to us, infinitely more than does the purely artistic consideration, as absolutely urgent for our national evolutionary progress.

Architecture, then, should be regarded in a new light, and from different points of view. Taking first architecture as an industry, we have only to observe how, when one builds a house, the trade of the world is called to his service; the miners, quarrymen, lumber men, carpenters, sailors, electricians, civil engineers, sanitary experts, plumbers, manufacturers, and artisans of every sort in the world set to work toward supplying him with materials. The development of architecture, in fact, engages the service of a larger portion of the community, and involves greater outlays of money than any other occupation except agriculture. It is a field of endeavor that touches the life of man at every point and vitally concerns every one. It is truly a vast department of human activities which encompasses nearly if not all phases of the industrial life. It is, so far as stability and durability are concerned, a special branch of civil engineering, and the training it demands in this direction is a training in exact calculation, and an application of mathematics to the design of foundation, arches, vaults, girders and roof trusses. It is at once an industry and a science, and means something vastly more comprehensive. Architecture is primarily an art. It is an art in that it involves the creation of beauty through the action of imagination and enthusiasm, and this, indeed, is precisely what differentiates architecture from structural engineering.

The Wide Scope of Architectural Activities

For one properly to consider the scope of the architectural profession and to visualize the future possibilities of its field, one had best turn from abstraction to the concrete, and to divide the architectural effort of the present age into two general groups, namely: building-construction and city-planning. The first, that is, the erection of buildings, is undoubtedly more familiar to the average person. The architect erects structures to fill the varied requirements of a complex civilization, such for example, as providing places for private dwellings, government, education, religion, monument, rational recreation, industry, and commerce. A building, then, must express the life, tradition, national spirit and dominating ideal of the period in which it is built. So, for instance, during the mediæval period of

European history, men built churches simply because they were the embodiment of the most profound ideal and character of the people, in whose era they were erected. On the other hand, the spirit and tendency of the present day is, foremost and positively, commercial, industrial and democratic. And, of course, modern architecture reveals itself in forms that commerce, industry, and democracy comprehend. Thus, to-day commerce and industry express themselves in bridges, railway terminals, hotels, banks, office buildings, department stores, factories, wharves, and warehouses; while democracy finds manifestation in schools, libraries, museums, parliament buildings, post-offices, etc. In other words these various types of buildings are reckoned as permanent features of the present world, which is as much as to say, that the Chinese Republic is simply destined to afford a wealth of striking opportunities for development along identical lines of building operation, if she is to keep a successful pace with the march of modern civilization—thus portending the call for architects in China.

Added thereunto is the architect's province in modern civic activities. The term architecture, as commonly understood, is identified with building construction only. But the city improvement or city planning movement is of late, rapidly awakening the active interest of many able architects throughout the world. In truth, the agitation for scientific city building is spreading the world over as never before; old towns are being rebuilt to conform to modern requirements, while new towns are being constructed on paper in advance of shovels and hammer according to the axioms of good city building. In short, the well planned and healthful city has become the quintessential necessity of the time.

This brief survey of the meaning of architecture and the wide scope of its activities prepares us for a more comprehensive discussion of its tremendous significance as follows: First, China's need of a more vigorous architectural type. Second, city improvement as the background of our social health advancement. Third, city improvement as a means to promote our commercial and industrial development.

China's Need of a more Vigorous Architectural Type

To-day China is standing on the threshold of a national renaissance which has great and vital impulse. Old tradition is breaking and the new has not been formulated. This is, at present, the crucial fact in our national life. China is facing the greatest constructional problems of its history, probably that it ever will face. The moment is at once significant and critical. Perhaps never at any one time in the history of a great country have there been so many great, perplexing, and vital municipal and national problems clamouring for solution. And what is more, we, all of us, are gravely conscious of the portentous changes, and fully awake to the fact that China was never so consciously alive to the stimulating influence of Western achievement. Truly there has never been a time when the people at large were more determined to learn from the significant experience and conspicuous accomplishments of the Occident in order to emulate them. While thus open to influence, we naturally will select and adopt extensively; but, instead of accepting and absorbing everything indiscriminately, we should select and adopt only that which will fill our requirements and strengthen us. That is, if we are to fulfill our destiny we must bear uppermost in mind, that whatever we, as a people, may receive in order to make for the betterment of our conditions, the major part of the work will have to be done by ourselves. Therefore, however profoundly influenced by the western attitude and thought we must work out our own salvation.

The particular application that I would like to make of this idea is to the architectural development in China. That is, the architecture of the western world cannot be imposed upon the East without being radically modified. For, in western architecture, as in case of western government, moral standards, customs, etc., we find many features we cannot wholly understand and do not completely sympathize with, because our ideals and character are not the same. Even if there were complete agreement about facts their value may be entirely different. Moreover, inherent good taste and aesthetic ideal cannot be imported like an exact science, as they are not matters of rigid formulas. Parenthetically, in architecture there is no "ready-made" type that can be imported, in any sense of the word. Each nation possesses a

distinct architectural style born of local conditions and requirements, and the development of which is dominated by local traditions and national ideal. The central fact of art is nationality. It is not merely the caprice of an individual, but the speech of a nation. Most civilized countries express themselves in their art. Architecture, in this regard, is the index of the taste, culture, ideal, and civilization of an age, a race, or a people. It is for this reason that we find the various architectural types differ in aspect as the civilization of the various nations differ in character, in living habits and in building customs. Hence while we admire the western achievements we should not imitate them slavishly.

The point I want to advance is that we as a people must start somehow, but simply, clearly, practically and beautifully to evolve a vigorous architecture which future generation may rejoice in and look upon with pride. Fortunately, however, we need not start from the very beginning, because for one thing we are not devoid of artistic impulse, and, for another, our lives and surroundings have not been barren of beauty. In truth, we already have a style of architecture which has an aesthetic value peculiarly its own.

First and foremost, therefore, every effort possible should be made to awaken our latent aesthetic sensibilities which have lain dormant in recent years. Our native characteristic qualities and artistic accomplishments should be recognized and accentuated, not discarded—they should be conserved, developed and exalted in every possible way. Then, upon the existing forms as a base and, accepting our own tradition and ideal as a background, we will model a more vigorous style that responds adequately to the changes in thought and culture, and rise to the modern dignity. In this evolution, the ideal process will be one of drawing out from our minds—of developing originality of thought, inventiveness and adaptability: rather than merely absorbing—cramming and stuffing information from without. During the formative period, we obviously, cannot reject the inspiration of the foreign architectural grandeur; in all probability, we shall sometimes, yes, often adopt and even copy with fidelity the various monumental splendors erected the world over. But the outstanding idea is this: the sum-total of our architectural development must be distinctly national in character and joyously Chinese in spirit.

The ideal, then, in the study and practice of architecture is not so much the reproduction of foreign works of art as it is to induce in ourselves the faculty of evolving a truly noble architecture that will fulfill our essential requirements and give concrete expression to the new glory of a new time. Putting it graphically, we should—with one hand holding firmly to the past, one searching upon the present, and our eyes looking ever serenely forward upon the future, eagerly examining, seeking always the useful—strive to evolve a style the noblest yet of Chinese architecture.

Adequate Remodeling of the Chinese City is Urgent

Having dealt with the more familiar phases of the architect's work we will proceed now to a consideration of the significant role that he is called to play in the activities of civic life.

The prime note of the present day is "EFFICIENCY," and, the natural demands are the well planned, healthful cities. We are living, indeed, in a period that has witnessed more building and remodeling of cities than any other period of history. Although in China the time is, admittedly, not ripe to embark on any scheme of city improvement on a large scale, yet it no wise follows that the city improvement idea will make no head way with us. And, as everything that grows, evolves, and becomes has to be born again, so likewise the Chinese cities must take on new life and vigor in order to conform to the rising trend of the present world. Evidently and undeniably the Chinese cities rank among the oldest in the world—sadly and regrettably too old. They have all been products of mere chance; they never develop. They just sprawl; and growth by sprawling involves shocking waste and nerve racking inconvenience, with the resultant inefficiency that characterizes our city life. It seems rather hard to say it but candor must compel the admission that our average mode of living does not yet fit in with modern times. To begin with, the housing and residential conditions are scandalously bad; then the acute congestion in our cities prevails and increases. Next, sanitation is inadequate; rational recreation facilities are lacking; fire-proofing and other safety facilities are woefully neglected;

the prevalence of plague, tuberculosis, and infant mortality stand at world record. In brief, comfortable and wholesome living is being pushed unduly into the background, if not practically out of existence! Should it be? Must it continue to be?

To-day, we are rebuilding, reorganizing, and indulging in self-questioning, and putting our minds on the weak spots. Among the discoveries is, that unless we can in the immediate future generate an intellectual and social energy very much in excess of what we have hitherto given promise, and unless we can rise to a level of efficiency far higher than we have attained to at the present, our relative position in the world cannot but decline. Under the present conditions, life in our cities necessarily brings with it not alone sickness and disease but the sapping of the vital and physical strength of those who live in such environments, with the general resultant debilitation that reduces our earning power and efficiency. We are thus rendered incompetent to deal with the strain and stress of the onward march of modern life and modern progress.

City Life must be Readjusted to Conform with Principle of Sanitation

Among the leading features of the tremendous problems squarely confronting the present generation in China is to take, above all, a forward step toward ameliorating city-life conditions by applying, literally, some scientific, civic surgery to them. That is to say, we must wipe out the heritage of squalid environment, nuisance, and ugliness that have been imposed upon us by thoughtlessness of the past; and give thought to the general scientific principles and exercise foresight to safeguard against future errors of the same kind. This problem is by no means simple; the newness of the issue itself makes it specially baffling. In reality we are facing a problem which has never before appeared in our history and, to which precedents of the past do not apply. But in spite of this, some decisive moves must be taken—perhaps not now, but the time cannot be far distant. To-day the idea of the scientific and healthful city is spreading over the breadth of the world, but the conscious and intelligent application of which, I think, is especially urgent in China. To be sure, we do not possess those marvelous resources which have made it possible for the great European and American municipalities so easily to solve their social problems. But we must make the most of our limited resources. We will and must proceed slowly and conservatively, making use of the most modern methods and drawing from the significant experience of others. In any case, we should not labor under the delusion that a problem so infinitely complex as that of Chinese cities could ever be suddenly revolutionized. It must be the work of decades and generations to accomplish substantial success in this particular field.

Whenever we grapple with this task we must do so in a truly scientific and common sense manner. For it is not sufficient to know what to do; the right thing must be done in the right way. This idea is particularly pertinent in dealing with a large problem such as comprehensive city improvement. Hence the urgency of obtaining the expert service of the architect, municipal engineer, sanitary expert, etc. As yet we cannot count among us any such trained man.

Of course there will be no apparent change in China to-day that requires the immediate practical application of the basic principles of city planning, but it is the part of true philosophy to think ahead of our time, even if we cannot act ahead of it.

The obvious duty of the present generation is, of course, to serve the pressing need of the hour and focus our power of thought upon the effort of solving the present day fundamental public question. Still we must bear uppermost in mind the fact that, in order to apply ourselves in a constructive manner—and upon the largest scale possible toward working out our method and plan—to master any situation that may arise, we should turn our thought toward years to come, and look forward with a broad vision that will procure for us, at least a measure of adaptiveness to whatever circumstance and condition the future may bring forth. Therefore among many things, we should be familiar with all the science and art of modern comprehensive city planning. What we are after is not ability to make similar design, but to acquire such an understanding of the fundamental

principle as will enable us to keep them in mind, and to make all our work conform to them. In this way we are also providing ourselves with men of large calibre to assume vigorous leadership when the time arises that demands adequate solution of our city improvement problems.

So much for the relation of architecture to social health. We shall now pass on to a consideration of its bearing upon the industrial and commercial development.

City Improvement as a Means to Promote our Commercial and Industrial Development

The times we are living in are tremendously alive and bound to usher in many changes of momentous significance. As events do more to wake people than speeches and books, so the vast and swift developments now transpiring throughout the world will surely readjust the commercial and industrial trends in a way which will scarcely be a matter of indifference to us in China, to say nothing of the profound transformation taking place within the confines of our own country. There is a commercial awakening ahead of us surely if we are but sensible enough to make some measure of preparation therefor. Commerce, as we know, is best fostered by appreciating the needs of others, and by meeting these needs. But we cannot adequately meet these needs unless we in our cities—the commercial and shipping centers—provide the facilities by which commerce can successfully be carried on. In their present state, our wharves, warehouses and dock system are antiquated and the vehicular, traction and pedestrian traffic facilities are hopelessly archaic. This suggests, off hand, some of the new requirements that must be met squarely and intelligently. For, in all events, a commercial center must attract; a city cannot maintain a high commercial standard in the modern sense, unless it maintains at the same time a high civic life and affords adequate accommodations for modern commerce. This idea has never been more vividly exemplified than in a prosperous and well-ordered European or American metropolis. Again, the flourishing conditions in Bombay, Calcutta, Manila, Hongkong, Shanghai, Tientsin, Dairen, Yokohama are likewise illustrations in point that improvement promotes business. Comprehensive improvement is, in fact, to-day universally recognized as a tangible economic asset to a commercial city.

In conjunction with the prospective commercial and industrial development we must also anticipate and make adequate provision for an extraordinary growth in our city population. What will bring the people to the cities are better educational advantages, more social privileges and the lure of greater opportunities in the business and industrial world. As a matter of historical fact, this has been the general tendency throughout the world since the middle of the nineteenth century. The people everywhere seem to have been and are still drifting toward the cities. This movement is known as the "Urban Drift" which is notably marked in the United States and other countries, especially in Germany and England. According to statistics this vast movement is one of the nineteenth century's phenomena, and, it is said to be the logical outcome of modern commerce and industry.

In the light of modern tendency in other countries it stands to reason that our own cities—when facing like changes in the commercial and industrial evolution—sooner or later will enter an era of remarkable growth, equally in point of population as of commerce and industry. This sort of growth means the extension of streets, crowding of central business sections, the growth of suburban areas, and the creation of scores of municipal and national problems which directly affect the health, comfort, efficiency and material progress of hundreds of millions of people. In the attempt to cope successfully with this perplexing situation we need again turn to the architect for guidance and assistance in rearranging the present cities and, in anticipating and directing into proper channels their future growths. Before commencing work upon a plan it is necessary to have a definite scheme for all that is to be accomplished. This scheme should include not only the work to be carried out in this decade, but should be an ideal for the future development. Primarily, comprehensive planning is so to arrange the physical and material life of the town or city that it can grow naturally, wholesomely, scientifically and at each stage avoid the cost, nuisance, ugliness and squalor such as one witnesses in every old city in the world, not only in

China. So by the inception of such a plan, with its steady pursuit, a city will eventually afford adequate provision for comfortable and wholesome homes, for convenient and sanitary workshops, and efficient machinery for handling commerce, besides giving pleasant facility for rational amusement and recreation.

Architecture as a Vocation

That the architectural profession should be generally appreciated more and more is obvious enough, but the beginning of a revolution of any existing conditions must be made by dealing with the young life. Therefore the writer deems it most urgent to plead for a fresh consideration of the architectural vocation by our student body. And, above all, those of us whose line of brain reaction and talent are for construction and design, should analyze carefully the business, the technical and artistic possibilities in the field of architecture and discern therein the promising outlook.

When considered from the point of view of possible profit, the architect has even greater advantage than the lawyer, doctor, etc., in that he is in immediate touch with the two great interests of life; namely, the industrial and artistic. His field of endeavor offers an opportunity unequaled in any other profession. He may build up a large practice either through his own ability or through influence and friends. Again his opportunity of success is greatly broadened by the fact of the great variety of work within the range of architecture which presents itself to his selection. So, even not successful in the regular practice of his profession it is possible for him to drift according to his natural bent into occupation which is entirely congenial and which is capable of untold expansion. There are, for example the business of building contracting, real estates, suburban or other form of land development projects; again, there are the manufacturing and distributing of the numberless building materials, or improving those already in use. Besides there is the manufacturing of building hardwares, fixtures, furnitures, porcelain and other articles required in building construction and furnishing. In any one of these works, the professional knowledge that he has obtained is of immense value to him. These possibilities, to be sure, are not mere visions ever so fantastic and difficult of realization. They are, in truth, just as practical and necessary as is our need for food. Both in the scope of its wide scope and future possibilities, therefore, architecture as a life profession surely merits the careful consideration of our youths when choosing a vocation.

Present Architectural Activities in China

We have thus far traced the architect's function with regard to several peremptory necessities in the evolution of human life. It is now in order for us to look forward and venture a few remarks concerning the present extent of his field in China.

Architectural development, in its modern significant sense, is yet in its infancy with us. Consequently in the language of the commercial world, the Chinese architect, first and foremost, must "create a demand" for his professional service; the problem preliminary thereto, is to raise the public recognition of the value of his professional devotion to sound construction, sanitation, and health, as well as to fire proofing, water-proofing and other essential features pertaining to safety in building construction. In the first years, progress in the propaganda or "advertising campaign," as it might be called will necessarily be slow of speed and uncertain of direction; but with a few Chinese architects leading in both the fields of practice and education, the advance will be greatly accelerated. Once the architect's province is fully recognized the demand for his professional guidance and expert advice will grow; and correspondingly, his opportunity will then spring in an expansion obedient to a necessary and inevitable natural law of "supply and demand." The fact is, I believe the outlook portends, even now, considerable activities in the civic governmental, educational and commercial building construction. I am led to this opinion by the significant fact that there are upwards of fifty foreign architects to-day practicing in China, and what is more, available evidence shows they all meet with great success.

The Immediate Activities of City Planning in China

In the realm of city planning or comprehensive improvement greater difficulty, however, has to be contended with in order to clear the ground for constructive work. A good deal more of pioneering works as it were, must be done before substantial headway is possible. That is, true of most, if not all, reform movements; the people must be aroused to the great problem confronting them. The community must be, in every case, induced first to talking! then thinking!! finally doing!!! The tasks facing our cities being so infinitely complicated, and the evil incident thereto so deep rooted, it is at any rate impossible during the present generation to achieve anything approximating the conspicuous Occidental accomplishment. It is only by active educational work and by inception of wise policy with its steady pursuit that we may hope for substantial result within forty or fifty years. And even then, the accomplishment in the aggregate may be small and may fail to measure up to the American and European standard. In this regard, very few of us here, if indeed any at all will live to witness the complete realization of our aspiration—the ideal city; but that is not the main point. The fundamental thought is, that each age is responsible unto itself and unto posterity, and it is the duty of those who live here to look ahead and visualize the wonders that are to be. At present, the obvious duty and obligation is to strive incessantly to a quickening sense of civic duty and to endeavor in all possible ways to transmit our cities to posterity greater, better, and more beautiful than they have been transmitted to us. Why focus our thought upon the cities it may be asked? Because it is from the large cities of a nation that radiate the material development of modern civilization—in fact, of any civilization in history.

So far so good. Some of us are, however, prone to regard this as taking a premature stand and, making too bold a claim for consideration on the subject of city improvement or comprehensive planning; but in any case there is no escape from the proposition, that sooner or later the city planning idea will be looked upon as a part of the work necessary to the best interest and progressive development of our city-life. For after all, what is art but the right, the best way of doing a certain thing. And the art of city planning is nothing more than taking, in just the right way, those steps necessary or proper for the essential well being of the citizens—a sort of public work, making and providing comprehensive facilities for the moral, intellectual, economic, and administrative, no less than the purely physical and material development of the community. Then again, some of us are disposed to argue that the city planning ideas are too Utopian for China; but they are not. Let us cherish high ideals; set our goal far and high, and pursue it sincerely, resolutely and patiently even though we may fall far short of our objective. For, the high aim is the first thing; the most important, both in private and public life. To aim to excel—to be best—sometimes seems presumptuous, but, after all it is prerequisite to any great success in any direction.

And yet, we need have no illusion: Whatever view we may hold of the matter of city improvement, we must in all candor concede that there will be no apparent or sudden change in the immediate future. The main point is, in the meantime, we must be preparing so in the event that the occasion arises, the challenge of the new duty and new obligation may not find us deficient in the quality to master the task. In other words, as far as city planning is concerned, what is now needed is not action, but the knowledge which forms the basis of intelligent action.

CONCLUSION

They may help to a better understanding of what has been called architecture. With a clearer recognition, and fuller acceptance of its tremendous significance and unlimited scope of operation I trust that a growing number of the young men among us will pursue the subject, to find what we can about it and, look forward and attempt to forecast the things that are possible to do in our Fatherland; and to do, when the opportunity arises, whatever we may to bring about the things contributing to human efficiency and happiness as well as promoting our national welfare and prosperity.

To recapitulate: First, architectural development under modern conditions involves the correlation of activities of diverse natures which fall readily into three general classes namely, the industrial, the scientific, and the artistic. Good architecture means an exemplifier of perfect construction, a practical solution of an economic problem as well as an embodiment of the principles of fine art. And, for this reason architecture has been defined as "the art which seeks to harmonize in a building the requirements of utility and beauty."

Second, the professional effort and artistic skill of the architect is engrossed in planning, fitting together into a complex organism of varied materials, shaped with art and handled with science, first that it may serve a fixed practical purpose and then it may be an expression of a definite conception. An architectural type is not the result of mere accident or caprice; but of intellectual, moral, religious, and even political conditions. The centralizing fact of architecture is therefore nationality. Each nation has a type of architecture peculiarly its own and the development of which bases upon some fundamental principles springing from its surrounding civilization and local conditions. The fact to drive home then, is that a style of architecture a nation possesses should be a constant progression toward ideals of fitness and beauty—it must keep in pace with the rising trend of thought and sentiment.

Third, the work of the architect, especially as connected with the civic activities, is as vitally related to the public welfare as law; and in many cases architecture as applied particularly to life and health, perhaps fully as much as the practice of medicine. In this regard, good architecture, truly affords the sanitary foundation and environment required for hygienic and normal living.

And in the fourth place, architecture as a vocation, is one of the largest fields for exploration by anybody who is interested in the constructive development of China. Now we are in a period of industrial and commercial progress and our success is measured by our usefulness in the period. One of the branches of endeavours affording wide scope and unlimited possibilities to this end is architecture in all its multifarious phases.

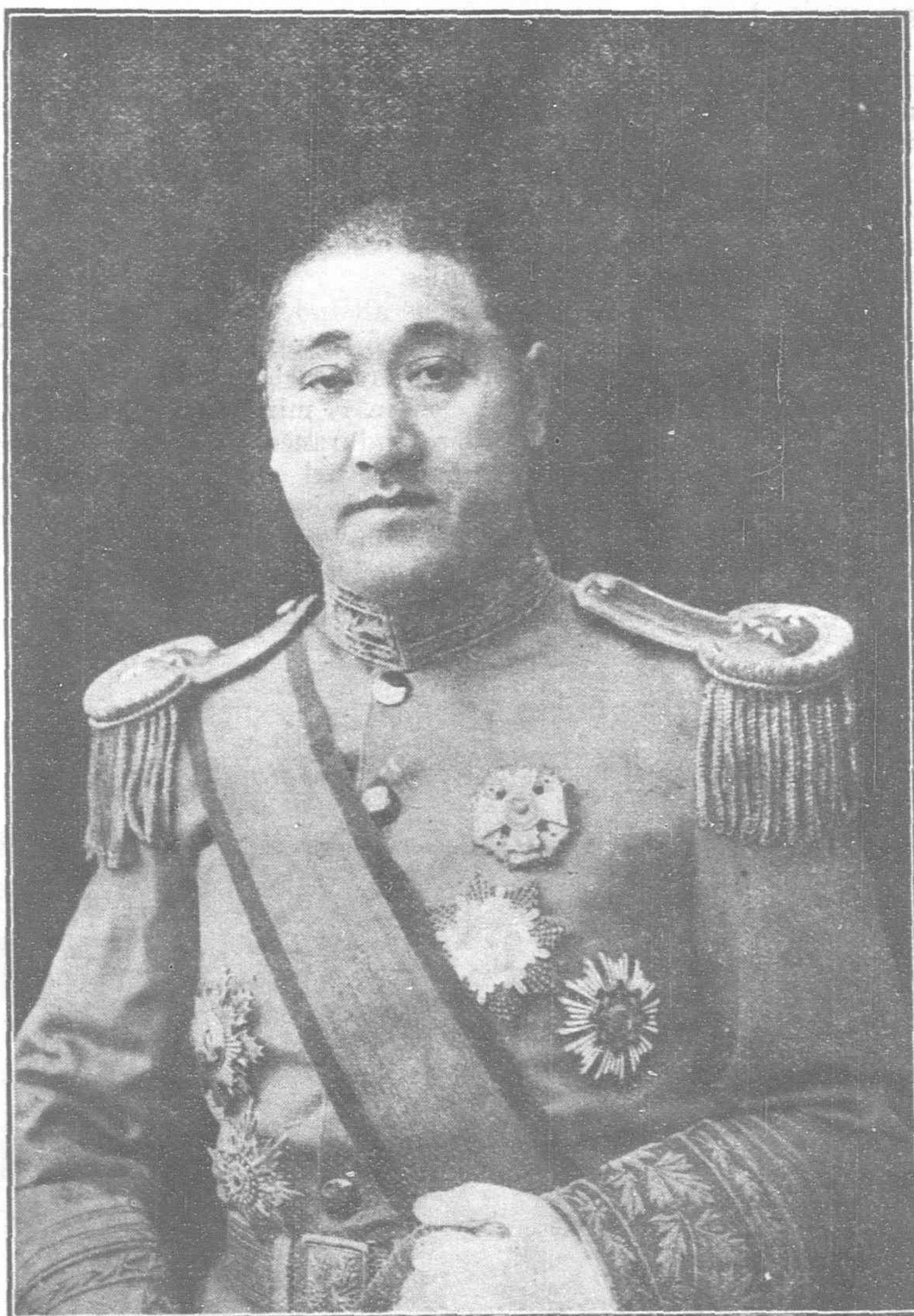
The final word is this: Open our minds, train our hands and look forward into the future of our homes and cities so that what ever may come we shall meet with energy and intelligence. Once more, let us study political science, economics, philosophical culture as well as engineering and science; but let us not neglect the study of architecture in the varied phases, so as to be capable of laying a substantial and permanent foundation, and giving an appropriate background for our, slowly but nevertheless surely, reinvigorating civilization.

Sinister Happenings in Mongolia.

Sinister things are about to happen in Mongolia if the signs are being read aright and the prophets know whereof they speak. The notorious militarist, General Hsu Shu-cheng, yclept "Little Hsu," to distinguish him from President Hsu Shih-chang, who consequently is nicknamed "Big Hsu" by the frivolous, is on the move to make good his appointment as High Commissioner for the North-west. Large purchases of all manner of makes of motor cars have been made, and have been fitted up to carry troops across the so-called Gobi desert stretching between Kalgan and Urga. A great fleet of cars has been requisitioned and over a hundred have been purchased in recent weeks to carry the Chinese force into the heart of Mongolia. As there is nothing but peace in Mongolia, and no outward reason for the sudden launching of an expedition into Mongolia, sufficient grounds are given for speculation. Rumors tread upon each other's heels. Some are disposed of, some grow as they go.

The allegation which chiefly finds favor is that the energetic High Commissioner for the North-west, who is also the power behind the militarist intriguers in Peking, has found a new field to conquer as a source of loans. The uproar in China has frightened the "nation sellers," and the supposition is that they

now propose to barter Mongolia, which is not a part of China Proper, but which is important in more ways than one to certain ambitious Powers. Writing in the "North-China Daily News," Mr. Rodney Gilbert throws some light on the subject, pointing out that the aim of "Little Hsu" is to take a force into Mongolia to operate against hypothetical Bolsheviks in order to be in the position to sell concessions, and to afford an opportunity for Japanese officers to co-operate under the terms of the military agreement made sometime ago with China in the event of frontier operations. Mr. Gilbert points out that "General Hsu, as High Commissioner, is in a position to sell concessions in the undefined Northwest, to permit the Japanese to establish themselves industrially in any part of what was Russia's former preserve and to sit in Peking at the same time and employ the proceeds in the sustenance of the Peking Government and the Peiyang Army. Concession-selling in Shantung, Kirin, and such populous places is too conspicuous; but the military hope to carry on for a time through concession selling in Mongolia and elsewhere, where there are no student organizations, no chambers of commerce, and no popular organizations of any sort to rise up, demonstrate, and trifle with the loyalty of the Northern army. Then by-and-by, when there is plenty of money, when arms are again available and something of past events is forgotten, they hope to come back with a flourish. The plans of the Anfu Club (the political party to which the militarists belong and which they founded and control) betray the schemes of General Tuan and his following. They will continue parliamentary sessions for another two months they plan, then they will elect General Tuan Vice-President, after which with the funds and troops available it will be a simple matter to discourage President Hsu and unseat him, whereupon the Vice-President will assume control and proceed to unite China with a freshly financed Peiyang Army and a Japanese-trained National Defence Army."



GENERAL HSU SHU-CHENG—BETTER KNOWN AS "LITTLE HSU"

The Possibilities of Aerial Transportation in the Far East

By F. W. ALLONBY, Peking

The accomplishment of the Trans-Atlantic flight, by a heavier than air machine, has demonstrated to the world the possibilities underlying this means of transportation for long distances and over inaccessible country. In winning the *Daily Mail* £10,000 prize, for the first successful flight across the Atlantic, the Vickers Vimy demonstrated the enormous strides which have been made in aerial navigation during the obscurity of the great war. Circumstances arose during the flight, which undoubtedly proved the marvellous achievements accomplished in the manufacture of the long distance heavy freight carrying aeroplane, which is the result of four years of intense and concentrated effort, now, as it were, plunged upon an unsuspecting world. It has been stated that only slight alterations were made to the standard Vimy, as made by Messrs. Vickers Limited, and supplied to the British Government, to allow it to undertake the Atlantic flight, therefore to take the Vickers Vimy converted for commercial use as an accomplished fact, and apologizing for mentioning any particular make, we may proceed to examine the question of its adaptability for transportation services in the Far East.

The first question presented is, of course, what are likely to be the probable returns on a financial investment, and therefore a few figures on the Vimy will help those interested to consider the point. Putting it in a general way, £25,000 will establish a service of two Vimys, complete with hangar, spare gear auxiliaries, and instructors, say anywhere in China. The petrol consumption when flying with the engines throttled down to a cruising speed of 90 miles an hour, is $17\frac{1}{2}$ gallons per engine per hour, or a total of 35 gallons an hour, which is less than half pint per engine horse-power hour.

Fuel for five hours is carried, i.e., oil and petrol, and the useful or paying load is 2,308 pounds, therefore, the petrol consumption per pound of paying load carried for a distance of 450 miles, is 7.45 pints.

The oil consumption is one gallon per engine per hour, or a total consumption of 10 gallons for the journey of 450 miles, which is equivalent to a consumption of 0.0346 pint of oil per pound of paying load carried for 450 miles.

The speed of the Vimy at various altitudes is as follows; near the ground 109 miles an hour; at 6,000 ft. up, 103 miles; and at 10,000 ft. 99 miles; and the altitudes are reached in the following times: to 6,000 ft. from the take off in 17 minutes, and to 10,000 ft. in 48 minutes. In cases where endurance or flying distance is of more vital importance than actual weight carrying, a reduction of the latter will provide a corresponding increase of the former, for instance if a non-stop run of 900 miles were required, the paying load would be five passengers and their

baggage, or 1,000 pounds of freight, with a corresponding reduction of fuel consumption per pound mile of weight carried.

Many readers might prefer the above figures put in a more everyday manner, therefore we will consider the price of petrol as \$1.00 per gallon Mex, the price of oil \$2.00, and the weight of a passenger with baggage 200 pounds, which leads us to the following results:—

| | | | | |
|---|-----|-----|-----------|-------------|
| Total cost to run 450 miles for petrol and oil \$195.00 | | | | |
| Cost of Petrol per mile | ... | ... | \$0.388 | or 38.8 cts |
| Cost of Oil per mile | ... | ... | 0.044 | 4.4 " |
| Cost of petrol per lb. mile... | ... | ... | 0.00017 | 0.017 " |
| Cost of Oil per lb. mile | ... | ... | 0.00002 | 0.002 " |
| <hr/> | | | | |
| Total cost per lb mile | ... | ... | \$0.00019 | 0.019 cts |

Or the cost to carry one pound for 450 miles is 8.4 cents Mex.

And the cost to carry one passenger 450 miles \$16.80.

The above figures show the remarkable economy attainable by this means of transportation, and should surely provide food for reflection to those interested in the carrying of passengers and freight under the present shipping and transportation difficulties, as well as those who are made to suffer financially thereby.

As a resident of China, the writer will quote a concrete example for the benefit of Shanghai and Hankow business men but must point out that many other similar propositions are offered both in China and beyond. We will consider the distance to Hankow as 600 miles, the journey by steamer taking $3\frac{1}{2}$ days on the upward run and $2\frac{1}{2}$ days on the downward, which means a loss of at least five days from business on the round trip. There are many other inconveniences, but we will neglect these for the moment.

The journey by a Vickers Vimy would be accomplished in 6½ hours either way, in almost any conceivable weather, and in perfect comfort and safety, which means that a business man leaving Shanghai at 8.00 a.m. would take a light lunch on the journey, and arrive at Hankow in time for the opening of the office for business in the afternoon.

Assuming that eight passengers were carried, with 20 pounds of baggage each, we arrive at the following results:—

Total petrol carried 175 gallons; total oil carried 10 gallons. cost of petrol \$175.00; cost of oil \$20.00 Mex; cost of petrol per mile 29 cents; cost of oil per mile 3.3 cents. Cost per passenger per mile for petrol 3.625 cents; cost per passenger per mile for oil 0.412 cents. Total cost per passenger per mile for fuel 4.037 cents. Total cost to a transport company for fuel per trip \$195.00

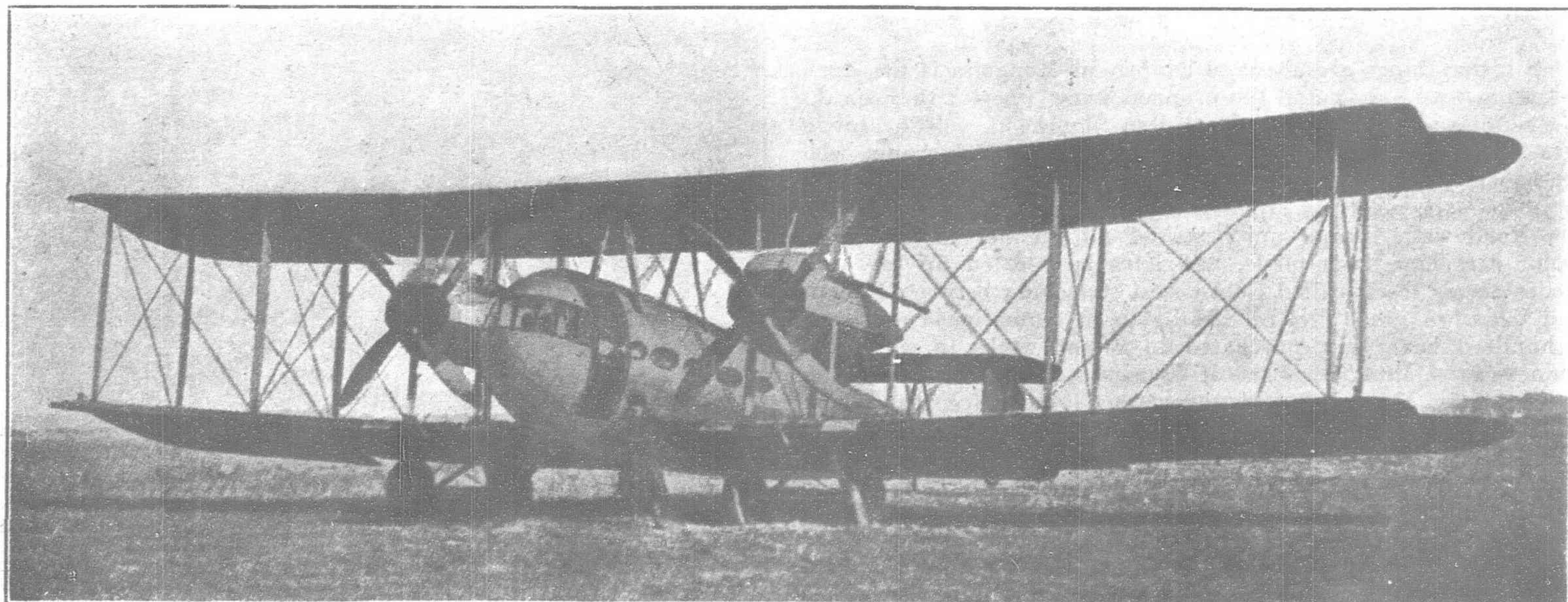


FIG. 1.—THE VICKERS VIMY TWO-ENGINE BOMBER, CONVERTED FOR PASSENGER CARRYING

The total cost per passenger per trip would be \$24.37, and, allowing another 50 per cent. for overhead charges, it will be seen at a glance the possibilities for the economical operation of such undertakings. In addition to the above there are enormous visible and potential advantages to be derived from such services, for instance in the carrying of important mails, or cargo of high intrinsic value, no other means of transportation are comparable with that exemplified above.

The object of this article is not to advertise any particular make of aeroplane, but to point out to the commercial companies, and to business men generally who are operating in the Far East, that the great war provided the means of secretly advancing the science of aerial transportation to a degree as yet unrealized by the world at large, and those enterprising enough to grasp this fact and take advantage of it will reap a rich reward. It is perfectly safe to say that in five years from now aerial lines for passengers and freight will be the common means of communication between places now inaccessible by the ordinary means of transport.

The illustration (Fig. 1) shows the Vickers Vimy converted for passenger carrying. The shell of the fuselage where the passenger accommodation is provided is made of laminated sewn spruce, in such a manner as to make it watertight, in case a landing on water were necessary. The windows and doors are also designed to prevent the entry of water should a descent be necessary at sea. The passengers are provided with separate arm chairs, arranged on each side of a central gangway running through the centre of the saloon, the chairs being easily removable for the carrying of mails or cargo. When used for passenger carrying the Vimy carries two pilots, to ensure perfect safety in case of the temporary indisposition of one of them, and these are seated in the cockpit forward of the main cabin in which are located the whole of the flying and engine controls for the operation of the machine.

Without wishing to labour the point, I may say that the construction of the Vimy does not by any means represent Messrs. Vickers' greatest achievement, for this firm have constructed and developed on other lines what may be truly said to be a "hush ship." The machine, known as the "Vickers Boat Seaplane Valentinia" represents a departure from anything thought possible a short time ago. As its name implies, the Valentinia is a form

of hydroplane, with many other additional advantages. For instance, it will "ride" and anchor at sea or in harbour in perfect safety; it has an enormous speed and climbing power, and carries a great weight. A crew of two men are carried, and the machine is fitted with sea anchor, line and sundries, wireless installation, and electrical equipment. For passenger carrying it has an endurance or flying time of 4½ hours at a cruising speed of 90 miles per hour, with full load consisting of 19 persons including crew. It will rise from the water to 6,000 ft., in 9½ minutes, at a mean speed of 110 miles an hour, and to 10,000 ft., in 19½ minutes at 106 miles an hour, with full load which is 2.3 tons. By a reduction of the weight carried, a much greater endurance, or flying distance, can be attained. The useful, or paying load for a flight of 4½ hours is 5,193 pounds, but if a non-stop journey of 1,000 miles is required, the paying load would be reduced to 1¼ tons, at an economical transportation rate, superior to any other existing at the present time. There are many other types of aeroplanes being manufactured by Messrs. Vickers, to meet all conditions of service, and these have been proved under conditions more severe than any likely to be met with in commercial aviation, one of these, illustrated in Fig. 2, appears to provide the means whereby business men may all have their homes in the country, and travel back and forth to the office, by air.

Referring again to the heavier machines, and concerning ourselves particularly with China, the field presented for the development of aerial transportation lines, may be outlined. The unbounded wealth of Szechuan and Yunnan can be brought to within a few hours of Shanghai; outlying postal areas would be put in touch with the outside world immediately; native and foreign industries would open up and prosper, while new sources of wealth would be located and surveyed in a manner previously impossible of accomplishment. The Yangtze Gorges above Ichang would present no obstacle to a Valentinia, which, with slightly reduced load, would do the journey from Shanghai to Chungking in one stage, carrying well over a ton of material or 10 passengers and crew. Many other instances of equal or greater importance could be cited, including a daily communication service between all Treaty Ports, and places where foreigners reside, but sufficient has been said to convince readers that the inevitable accomplishment of these undertakings, is within the lifetime of the oldest residents.

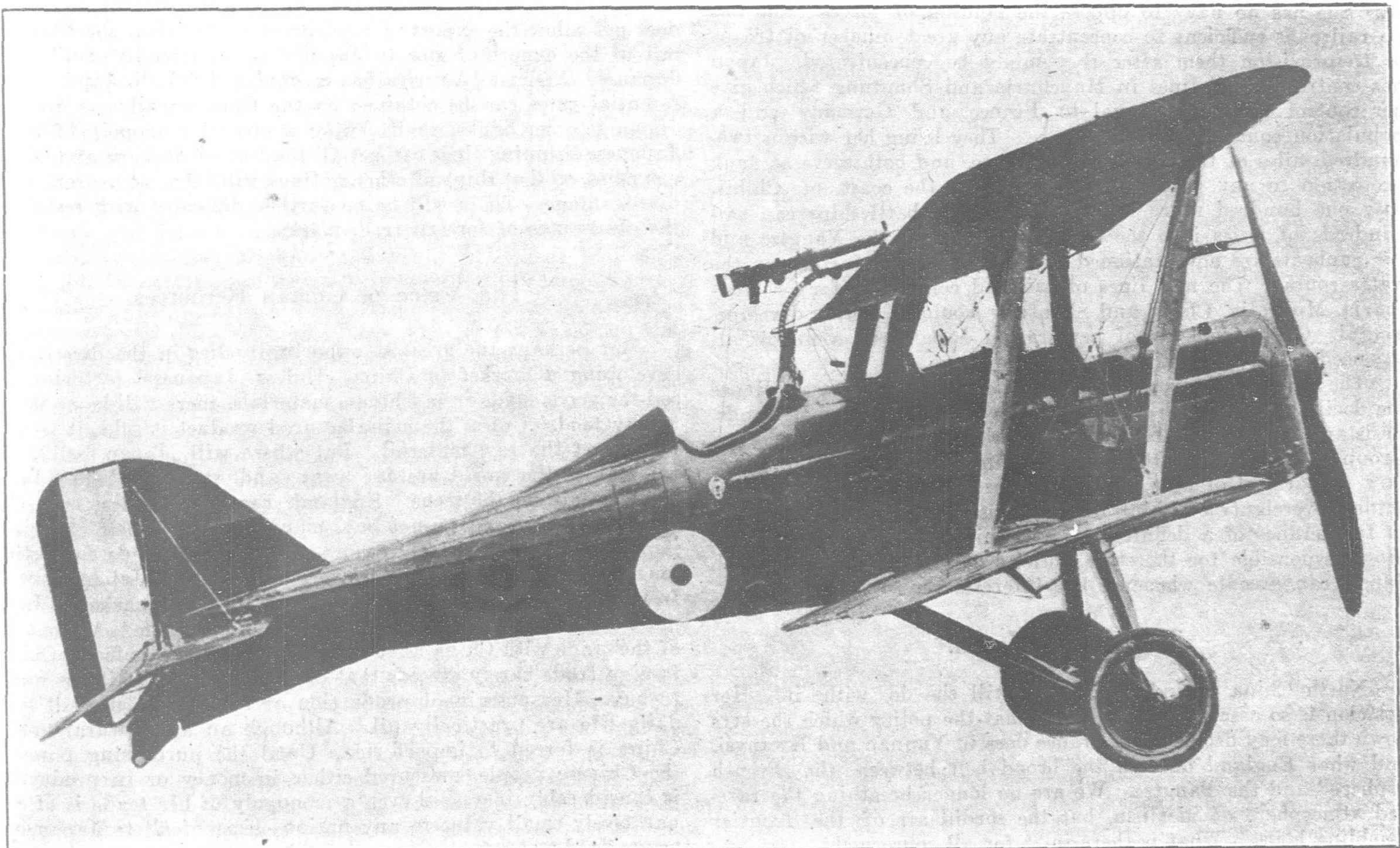


FIG. 2.—A SMART MACHINE ADAPTED FOR SERVICE BETWEEN THE BUSINESS MAN'S COUNTRY HOME AND CITY OFFICE

Making China "Pay."

What Policy Promises the Largest Dividends to Japan?

While the Hun was at the gate we had much fine talk of honor, justice, satisfaction of legitimate aspirations, self-determination for weaker peoples, and what not by statesmen who were very afraid. But now the danger is past it appears that these same men have changed neither their minds nor their dispositions during these past five years of unparalleled suffering. The Peace Treaty which is submitted as the fruits of all the effort, bravery, and anguish of the long drawn out nightmare of war, apparently satisfies every requirement of

"The ancient rule, the simple plan
That they may take who have the power
And they may keep who can."

The terms applying to China are probably no more ruthless to the weaker people than those applying to many parts of Europe, but they follow the formula perfectly.

William the Conqueror protected the shipwrecked Harold, but only after exacting a pledge as to the Saxon throne. Japan answers the cry of drowning England and France by first exacting the Secret Treaties and then sending a boat. For good measure she exacts from their friend, the United States, the Lansing-Ishii agreement which means much or little according to the strength and the will of the contracting parties. Since China is in the focus of Japan's attention and only in the margin of America's it will probably mean much, irrespective of the relative strength of the two nations measured upon any material basis. The "special position" of Japan in China has been recognized by treaty, and the League of Nations confirms and perpetuates "regional understandings."

Japan appears free to deal with China as she chooses. So far as military opposition to Japan is concerned, China is finished. She has no navy to oppose the landing of forces. She has no railroads sufficient to concentrate any great number of troops or to provision them after they might be concentrated. Japan has control of rail lines in Manchuria and Shantung which give her control of an area equal to France and Germany and a population equal to that of France. They bring her within two hundred miles of the Capital in one case, and both serve as flank protection to any landing movement from the coast of Chihli, only one hundred miles from Peking. Her battleships can sail hundreds of miles into the interior by way of the Yangtze and her gunboats are now stationed two hundred miles further up the water course. The new lines of railroad contracted for in Manchuria, Mongolia, Chihli and Shantung would be merely developmental. Of instruments of penetration Japan has even now all she needs.

The Chinese Government has realized this for years. Hence the docile way in which it submitted to the Twenty-One Demands. Resistance would have been mere suicide. Japan could have had Group Five along with the rest had she only insisted. Her voluntary withdrawal of that group which would have transferred the actual sovereignty of China to Japan, is temporary only and was in furtherance of a definite policy. This Group still hangs over those responsible for the state policies of China, a threat which Japan can execute whenever her interests require.

The Grip of Japan.

North China is Japan's. What will she do with it? Her position is so assured, so dominant, that the policy which she lays down there may decide what France does in Yunnan and Kwangsi, and what England does in the broad belt between the French "sphere" and the Yangtze. We are no longer breathing the rarefied atmosphere of idealism, but the sordid air of the frontier gambling house. What is there in it for all concerned?

Since leadership has been yielded to Japan, consider her case first.

Japan will immediately get access to deposits of iron, coal, copper, and other minerals. Without these, especially the metal, within a few weeks of warfare against a modern power she would be helpless. What further argument is needed! But most immediately Japan needs minerals for manufacturing purposes. The Japanese birth rate makes a population problem. A comparatively small proportion of the area of Japan is arable. Year by year greater amounts of food must be imported to support this increasing population. The Japanese workman is now able to read. Ability to read always brings about a disposition to think and to combine for purposes of self-improvement. The profits of the Japanese trader and shipper, the life led by growing numbers of "narikin"—(the nouveau riche of Japan)—have put a powerful ferment into Japanese industrial life. Rice riots, public demonstrations in favor of the franchise, insistence upon the right of petition, all are incidents showing the growing demand of the common workers of Japan for a larger participation in the good things of life. Not only is there an increasing population to feed, but year by year it must be fed better. This resistless demand can be met only by increased imports. Imports can be secured only by exports in some form or other. Except for tea and silk Japan has no natural products of importance to export. All she has left which might be exported is the labor of her people—which means manufactures. For these manufactures she has no metals of her own. She must get them from China.

Not only may mining privileges be obtained in China, but the export of rice from China can be arranged whenever it is necessary to make up a Japanese deficit. Indeed, although China does not allow the export of rice direct to America, she does permit of the export of rice to Japan "as a friendly act" after Japanese export to America has created a deficit in Japan. Preferential rates can be obtained on the Chinese railways so that Japanese merchants shall enjoy a virtual monopoly of trade. Japanese shipping lines can get all the best of dockage and wharfage rules, so that ships of other nations will labor at a pronounced disadvantage. There will be no further difficulty with respect to the observance of foreign trade-marks.

The Value of China's Resources.

But perhaps the greatest opportunity lies in the direction of developing a market in China. Unless Japanese factories can sell the goods made from Chinese materials, there will be no money to buy food. Unless the manufactured product is sold, it is little use to get the raw material. But where will Japan sell? The markets of the world are far away and strongly held. Japan appears late on the scene. England, France, America, even Germany expect to export, not buy, manufactures. Their experience is older, their craftsmanship more proven, their trade connections longer established. It will be very difficult for Japan to wrest from them any large place in their established markets. Japan must create new markets if she would sell or trade. A monopoly of the trade with China as it stands would hardly suffice. China's foreign trade barely exceeds that of Switzerland. China is unable to buy. Her margin of production over the bare necessities of daily life are practically nil. Although an agricultural nation, China is forced to import rice. Until the purchasing power of the Chinese people, measured either in money or in production, is considerably increased even a monopoly of her trade is of comparatively small value to any nation—least of all to Japan, who wants food.

But Japan could make China produce—not only minerals but also food stuffs and factory products which would not compete with Japanese mills. The problem of food stuffs is principally that of new areas. The opening of new areas is mostly a matter of building railroads into them. The influx of Chinese colonists into Manchuria which followed the building of the railway indicates what will happen in Mongolia and Sinkiang if railroads be built into those territories. Judging by the past it would be a long, long wait for results if Chinese enterprise be waited for to produce these agencies, or to build factories. Outside of the treaty ports Chinese enterprise has been unable to make any pronounced headway. Internal disorder, official oppression, undeveloped company law, no experienced judiciary, inexperience with large-scale organization, ignorance of technical processes and the proper care of machinery, centuries of custom which load down the payroll with useless relatives, a naturally suspicious disposition, racial slowness in making decisions, ordinary "squeeze" and downright dishonesty, sometimes one and sometimes another, have made Chinese attempts at industrial development fail with discouraging regularity. But if Japan brings in her organization, her technical men, her settled law, official pressure will not touch them, modern accounting and efficiency measures will protect the cost sheets from the supernumerary, the "squeezer", and the cheat (Japan has lots to learn yet on this latter point). The executive work will be in the hands of a Japanese who will not hesitate to make decisions. The muscular work will be performed by the capable and faithful Chinese workman. The combination promises liberally. Japan will certainly introduce her control as gently as possible.

The accepted procedure will be the old method of "peaceful penetration" so long as the Chinese are docile, and Japanese "police" as an army of occupation only when disorder threatens to interfere with business, or Japanese subjects are threatened with "attack."

Unquestionably such a program will produce the mineral supplies which Japan wants, it will produce food supplies which Japan simply must have, it will secure a certain degree of trade monopoly over North China, and if a fairly liberal wage policy be adopted it may increase the purchasing power of the Chinese people slowly. All this is a tremendously valuable prize. It is worth having. It is worth taking chances to get. But there is a debit as well as a credit side to this balance sheet.

The "Sphere of Influence" Danger.

If Japan by word or sign indicates that she actually regards North China as her own, by the same token it can be expected that Yunnan and the southern half of Kwangsi will go to France. Between there and the Yangtze, stretching westward through Szechuan and Tibet to India, is an empire upon which Britain has similar claims. Might is not yet right, but it is quite as successful in carving out new territory. Both France and England know what to expect when the Japanese sign is allowed to appear over the Chinese door. They will certainly lose no time, as an act of self-defence, in putting up their own signs over the Chinese doors in which they themselves sit. Whatever gains any nation makes by way of monopoly privileges in one section of China, it will lose in the way of exclusion from other sections of China. Japan will be especially likely to encounter opposition in other parts of the world, into whose markets she might otherwise enter with welcome. "No man liveth to himself" is even more true of nations than of men. Financially the world is very small. Which does Japan choose from the maritime nations of the world—friendship or enmity?

But the great drawback to the plan of forcible control of China comes not from foreign sources but for the Chinese people. Whatever may be the success of the various methods employed to secure favor with types of Chinese officials, the fact remains that in their whole course of foreign contact, the Chinese people have never ceased to guard jealously their country and its resources from the actual final control of foreign powers. The Chinese Government has always had to reckon with this feeling on the part of the people. How many times has the supposedly successful concessionaire found himself in possession of an empty privilege from this cause! Although never quite fully successful, China,

by intrigue alone, has been able to retain her empire and has prevented the building of more than six thousand miles of railroad during a period of twenty years, although the money markets of the world, the diplomats of every country on the globe, and the commercial and military needs of China herself were pressing for more construction all the time. Mining concessions have been effectively resisted although it was fully appreciated that mineral development must precede industrial progress. Do not assume that the Chinese are indifferent to the promotion of these modern instruments. That assumption is entirely a mistake. They want railways, they want mines, but they do not want them at the expense of alienating whole provinces as "spheres of influence" and of introducing a foreign "imperium in imperio" throughout the country, as must be the case under the present extreme rules of extraterritoriality if interpreted by unscrupulous Powers. The Chinese are a patient race—when they have to be. They can outwait any other people. A nation with a history of five thousand years is not alarmed over the loss of a century. They want improvements, but they will wait until they can get them safely.

China's Power of Passive Resistance.

The Chinese are a suspicious people. It cannot be concealed from them when it becomes a fact that Japan is the actual ruler of the country—or when the economy of the country drains the resources of China into Japan more than it enriches China. They are a passive people but they have ancient methods of organization which reach widely and powerfully, in registering approval or disapproval. There are those who smile at the Chinese strike. But the Japanese do not smile. They instruct their Minister to put pressure upon the Government at Peking. Their press fulminates against the weakness of their own Government for not forcing the Chinese to desist. However, among the Japanese there are many organizations who know that the good will of another people can not be gained by bludgeoning them, and these are asking their Government to change its policy toward China. This boycott as an organized measure of resistance may gradually disappear or be forgotten. China may be in such dire need of certain forms of goods made only in Japan that she may be compelled even to increase her trade with Japan rather than to cease it. But there are thousands among the intellectual classes of China, the leaders of what public opinion there is, who, ever since 1915, have never bought a Japanese article if another make was available. This sort of boycott is not advertised, it makes no noise, it even permits of a certain growth in Japanese trade, but it is a form of opposition which can not be combatted and it puts a permanent handicap upon Japanese manufacture. Does Japan care to repeat her Korean experience with a people as numerous as the Chinese?—or in these days when the attention of the rest of the world is becoming disentangled in the West and is turning toward the East? Yet something of the sort will be necessary if Chinese mines, markets, and communications are to be exploited by force, or with the possibility that the sovereignty over the territory involved may be lost.

This credit and debit statement of the coercive policy in Chinese development applies as much to Russia, France, or England as to Japan. But the position of Japan is so dominant that others will have to follow her lead. The choice of policy, therefore, must be made by Japan. Undoubtedly the credit side has something to spare over the debit side, but is the balance so big that no other policy is worth considering? In the cold calculations of the counting house will anything else pay better?

China's Potential Purchasing Power.

China's biggest natural resource is her 400,000,000 people. The development of the purchasing power of this huge group of intelligent, industrious, peaceful people offers the largest return of any investment in the world. But if a people is to buy largely it must produce largely so as to have the wherewithal to buy. America, ten times as far away and with only one-fourth as many people buys twice as much from Japan as China. Why? Because the American people have such a large per capita production. When China has the per capita production power that America has she will buy as America buys. Japan at her door—

step will inevitably capture the lion's share of this hugely increased trade. What prospect promises more for the financial power of Japan and the comfort of her people? Would England be the commercial centre of the world if Europe were a wilderness? Japan will become to Asia what England is to Europe when the Chinese produce and buy to the same extent as the French, German and Scandinavian peoples. Why should State strategy ignore this great potential resource which inheres in the Chinese millions?

But no people was ever highly developed against its will. "You can lead a horse to water but you cannot make him drink," says the adage. "Yez may sind a bye t' college but yez can't make him think," adds Mr. Dooley. No country has developed industrially upon slavery. No country has become wealthy upon serfdom. Slavery profits neither master nor slave, because under the conditions of slavery production exceeds but very little the life necessities of the slave. There may be a few wealthy slave owners in such a land. There may be great land holders, but the country as a whole remains poor. No country becomes wealthy unless a large percentage of the population possesses comparatively large quantities of desirable goods. A few families, no matter how wealthy, can never consume nor purchase any quantity of goods compared with millions of common people that have a slight margin of comfort.

Requirements to Produce Prosperity.

It has been possible at times to plan a program of production for a people and so organize them upon the task that great national wealth has been produced. Such was the course of Germany. To a degree such is the course of Japan. But the people organized were their own people, not alien nationalities. And then the policy has been successful only to the degree in which it made the people feel that their welfare was to be increased by the program. The loyalty of the German working class to the program was purchased by Bismark by means of the most advanced social measures in any country of the world. In Japan improved wages have been sufficient for a time, but no longer so, as witness the great demonstrations for the extension of the suffrage and the rights of assembly and petition. No people will exert itself to produce largely unless the fruits of such efforts are secured for themselves. Wherever extortionate taxation, insecurity from robbers or covetous officials, discriminatory customs or transit dues, or laws that make the processes of production tedious, uncertain or vexatious prevent a people from keeping to themselves the large part of their product, they do not try to improve their lot. A bare subsistence suffices. Governed by wise and kindly rulers and given a desirable wage many peoples will work with sufficient energy to produce a comfortable condition of life. But no country makes the maximum progress until a large proportion of its population individually puts its attention upon improved methods, elimination of waste, harnessing of natural forces, short cuts in production, and the increase of output per person. Improvement alone begets the desire for improvement. The fabulous wealth of America has been produced in 150 years of unprecedented freedom and low taxes. Russia with the same natural resources, the same vigor of mind and body, has little more to show at the end of this period than she had in the beginning. The Philippines after four hundred years of Spanish rule were in a condition little better than savagery so far as material advantages were concerned. After a bare twenty years of liberal American protection and guidance they have an import and export trade amounting to \$233,793,694 U.S. currency per annum, are almost ready to take over their own destiny, and their credit is sufficient for the American Government to entrust to them the full control of the huge investments which have been made in public and private enterprises. Only a people who have the assurance of fulfilling their own destiny and of enjoying the full fruits of their ingenuity and energy will push on into these advanced phases of industry. Such assurances are impossible if the governing powers are feared and hated.

China's Fear of Bondage.

Have the Chinese people the inherent capacity of development to the same degree as the American or the Filipino? A categorical

reply is not persuasive. Is physical endurance the test? The Chinese porter counts as a regular day's work a picul carried 100 li (133 pounds carried 30 miles). Is it artizanry? Chinese carvings and tapestry designs attest the cunning of the Chinese hand and eye. Commercial acumen? Chinese merchants out-trade the Jews. Industriousness? Behold the infinite labors of the Chinese farmer. A people who built the Great Wall and the Grand Canal surely possess some genius for organization. When they have struck the stride of modern science and business organization we shall see similar large undertakings in modern institutions devised and executed purely by Chinese.

While they are learning the peculiarities of this modern scientific and business "goose-step," the Chinese would be willing to hire from abroad all the technical and organizing skill necessary to get things started, if freed from the fear of bondage which attaches to all foreign engagements. They do hire some as it is. But so long as the hiring of a Frenchman leads to the demand that a Briton be also employed, and the retention of an American is countered by the forced engagement of a Japanese, all such invitations to foreign talent are bound to be issued with care, and the contract of hire will limit the powers delegated to the most loyal and useful foreign employee in such a way that the terms shall not form a cover for any chauvinistic adviser who might seek to deliver his department to his home government.

The Great Need of Railroads.

To-day, if freed from the fear of foreign bondage, China stands ready to borrow a billion dollars for railroad construction. Anyone who has noted the low operating ratio upon Chinese railways knows that this would be one of the surest investments in the world, if supervised with ordinary technical ability. The trade activities engendered by the liberation of this sum of money among the laboring population of China would be tremendous. But look at the map! Asia, the largest of the continents, containing half the population of the world, is spanned by a single trunk line. One peninsula at the south is fairly well gridironed. Paralleling the principal eastern gulf there are a few lines. But the remainder of the continent has never heard the sound of a locomotive whistle. An area equal to the whole United States, to twice western Europe, has not one foot of rail. These areas are capable of producing food. A properly designed railroad system would put that vast potential food supply upon the market at a price far lower than those current to-day. Wheat in Szechuan sells for 26 coppers a bushel. It is claimed by the Siems-Cary Railway and Canal Co. that a railway with one per cent. grades can haul that bushel of wheat to Shanghai for 12 cents. Allow him 24 cents. Fifty cent wheat at Shanghai will turn the flour market of the world facing in the direction of China. The same feat can be done with Manchurian and Mongolian wheat, beef, wool, beans and other products at Port Arthur and Tientsin. Once the transportation system reaches those interior areas and the colonization movement begins, there will proceed an epoch in homebuilding and fortune building like that in the American northwest during the past generation—an epoch connected with the names of J. J. Hill and Lord Strathcona as an indissoluble part of the history of the United States and Canada. "Westward the course of empire takes its way" will be as true in China as it was in America. Ours the choice as to whether it shall be soon or late.

Impediments to Development.

Not until these agricultural areas are in production shall we sound the full depths of Chinese demand for manufactures. So long as the Chinese population is huddled into the few provinces along the coast, all eating from the relatively few acres to be found around their ancestral villages, not only will food be scarce and dear, but there will be a great surplus labor force which, to contribute something to the family income, will follow the small household handicrafts. Such a population depending in first instance upon the soil, learns first to limit its needs to its productive powers, and soon limits its wants to its needs. Thus it has become economically self-sufficient—a customer to nobody. But when a specialized area is opened up whose ambition is focused upon high production per man instead of per acre

then there will be a population able to buy manufactures. And when manufactures are bought, who will be the seller?—nations far away or a nation close at hand?—trusted peoples or people feared and hated?

Perhaps the greatest impediment to development in China is the absence of modern laws and settled legal procedure safeguarding property rights. There is no certain redress of grievances, no swift punishment for the corporate officer who betrays the stockholders of his company, no protection from the unscrupulous magistrate who uses the power of government to wring personal favors from profitable enterprises. Business, therefore, is confined to traditional paths where centuries of custom act as a degree of defense. It is severely personal in character with responsibility limited to that between master and servant, principal and agent, guarantor and guaranteed along the old household lines. The conception of representative government has even less acceptance in business than in politics. Its ethics are unformed. Its laws are undefined. And without the corporation as a form of business organization, both industry and commerce remain primitive. China knows this. But what can she do? She can not pass from Mansfield to Brandeis in a day. A line of precedents are not made over night. Traditions do not come ready-made. But the same extra-territoriality which is so dangerous in other cases offers a solution in this. Association with the foreign investor can be used as a means of borrowing foreign law and the foreign courts. When the use of foreign law is merely for the protection of property holders against dishonesty and oppression, Sino-foreign organizations will be welcomed with open arms. But if it is to be the means of "peaceful penetration" or of furnishing an excuse for the posting of garrisons for the protection of nationals, then we may expect the Chinese to oppose it by all the means which they can muster and to brand all Chinese who lend themselves to such association as "traitors."

Guaranteed Help for China.

The association of the principal foreign nations interested in China investments, as exemplified in the newly organized Consortium, offers an opportunity of bringing to China this form of help. It offers the most effective method of guaranteeing once for all that Chinese sovereignty over all China is to be inviolate. If its terms be wisely drawn, it will safeguard for the Chinese people the fullest enjoyment of the gains from increased production. It will demand for the foreign money lender only a reasonable rate of interest, depending upon the general increase of trade which will ensue as the principal source of profit.

It will provide that the technical representatives, both scientific and administrative, which are brought from abroad shall have no political significance, and shall exercise only such functions and be protected only by such rules as would govern in similar positions at home.

It will make provision for the convenient investment of *bonâ fide* Chinese funds in the enterprises undertaken by the Consortium in China. Protected by certainty as to rights and immunities which his investment enjoys as defined by well settled law, even though it be foreign, secure in the knowledge that his undertaking will have efficient and experienced technical management, inspired by the knowledge that his enterprise will increase not only his own wealth but the material prosperity of his country and promote its political unity, the individual Chinese will throw the whole ardor of his money loving nature into producing the same development throughout interior China which now we see only in treaty ports. Idealism? Not at all! DOLLARS! We want the business.

The success of the Consortium is assured if the 400,000,000 Chinese people work with it, and doomed if they work against it. If it looks for 8 per cents. with double guarantees instead of to development as security for the investment, if it shoots doe and justifies itself by the scarcity of game, if it imposes a second government upon China bent on perpetuating itself as a financial oligarchy, the Chinese people will prefer to muddle along until they muddle through. Whatever foreigners may think, the Chinese have an unshakable faith that finally, soon or late, they will emerge a powerful, efficient, united people able to defy the world if need be, able to command its respect in any case. Stones may

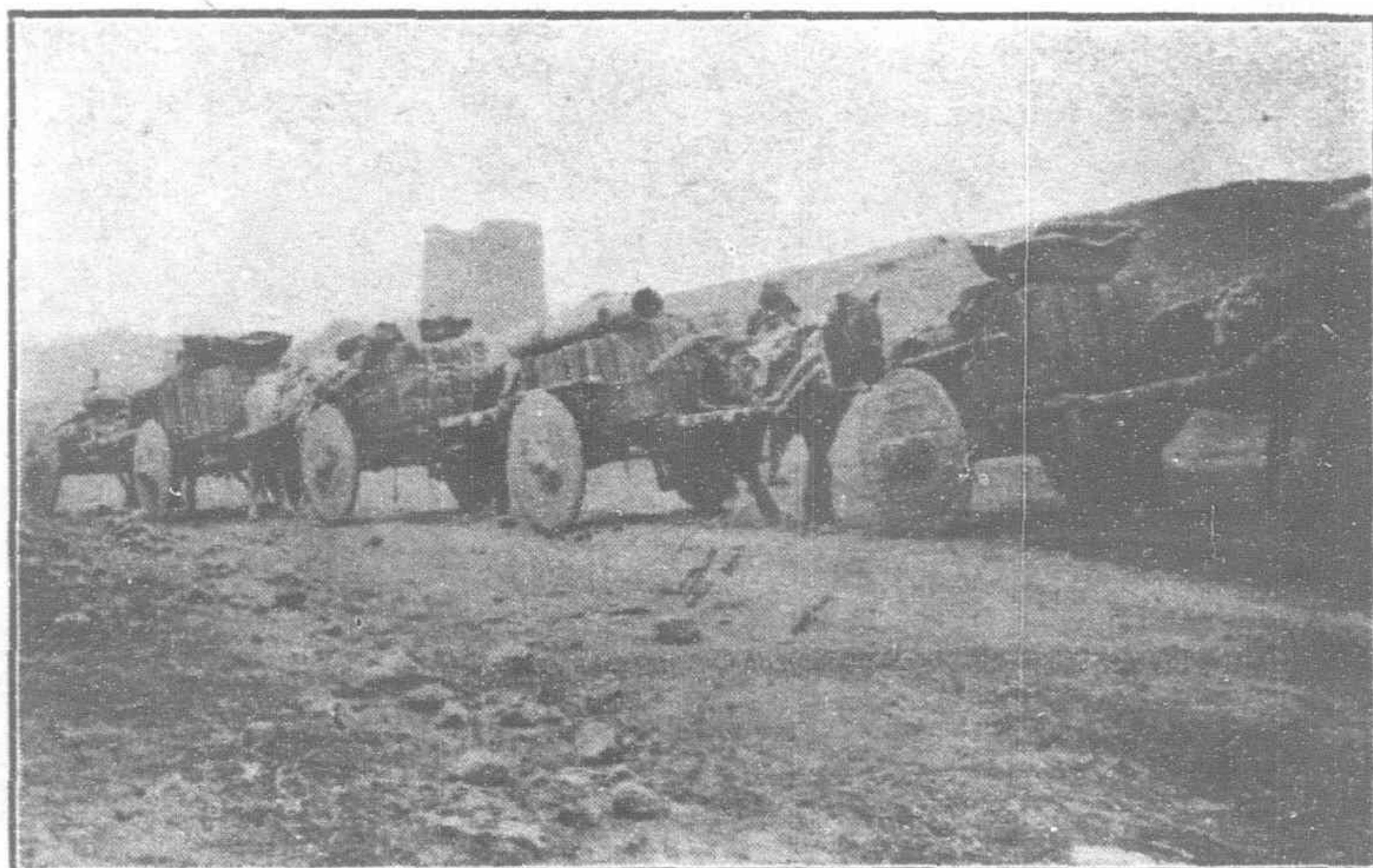
fly up, the heavens may fall, but this faith of the Chinese in their ultimate invincibility will not change. This factor will be decisive when Consortium terms are to be accepted or rejected. You hungry Japanese women! You manufacturers with plants of war-time size running on peace time orders! You merchants with foreign trade ambition! Which will pay *you*, to have China muddle another hundred years, or to have her progress *now*?

What Will Japan Do?

Upon Japan rests the principal responsibility for framing the initial policies of the Consortium along lines which will prove successful. Will she choose to repeat her Korean policy in China or will she play for the larger stakes? America has declared her policy with which Britain is known to be in accord. Why should there be doubt of Japan? Why does she play a double game?—with the Consortium through her bankers in Paris, *against* the Consortium through her militarists in Peking? Because for the time being her enterprising merchants and financiers find their counsels over-riden by a group who look upon China as an opportunity for promotions, glory, and slaves at their chariot wheels, an element ignorant of the possibilities for Japan in trade development; but who can point to specific mines and railway routes which can be seized. This element works in two ways to defeat the Consortium—first to prevent its effective organization, and failing in that so to frame its terms to China that the Chinese will have none of it.

Before the Militarists of Japan commit themselves irrevocably to this purpose, let them review that proud page in Japan's history which tells of the end of the *Samurai*. Confronted with the alternative of the loss of their feudal incomes and prerogatives or existence as a hopeless burden upon the progress of their country, these warriors as a class voluntarily renounced their hereditary privileges. Without handicraft or fortunes they faced penury and oblivion urged only by loyalty to country and their own ideals of service. That one act has won more encomiums in song and story, has done more to establish faith in the Japanese as a people of principle than any victories which these heroes might have won in battle.

No such self-sacrifice is demanded of the present day warriors of Japan. Fortunately the discipline and education of the modern army officer fits him well for leadership in civil life. In commercial countries military departments have great difficulty in retaining their officers, tempted as they are by lucrative opportunities in the commercial professions. With a developing China, and a consequent boom in Japanese manufacture, mining and engineering enterprise, the professional opportunities before Japanese officers will be virtually unlimited. But the same alternative is before them as confronted the *Samurai* fifty years ago. Will they choose the welfare of their own people, the industrial upbuilding of Japan, her trade supremacy of the East, or will they choose the part of selfishness, re-action, and caste pride as did Saigo Takamori, the last of the *Samurai*?



CART TRAIN, ROAD TO MONGOLIA, NORTHERN CHIHLI PROVINCE. NOTE THE WHEELS OF THE CARTS

Tibet, the Land of the Lamas

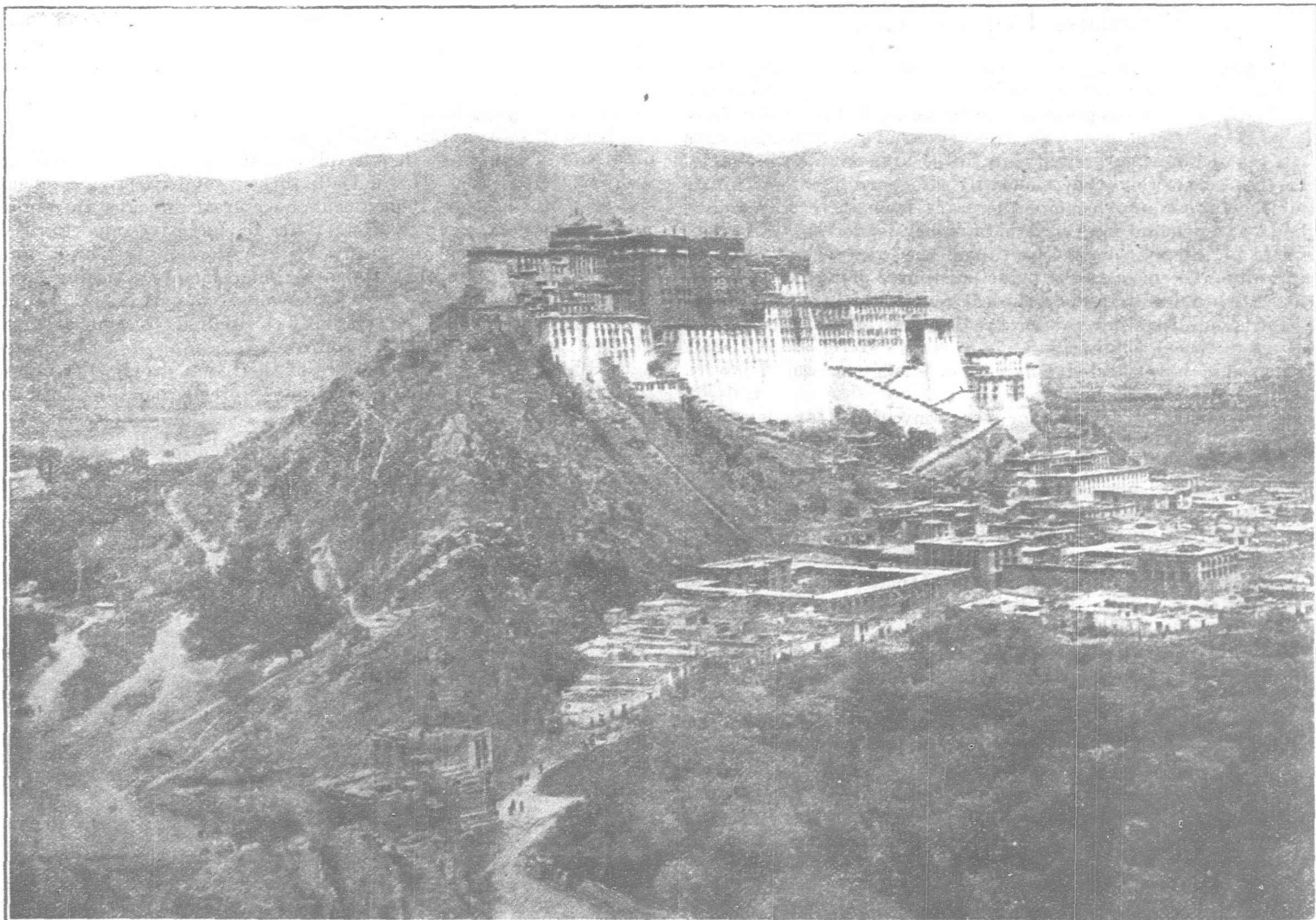
Physical Conditions Render a Great Region Poverty Stricken—China Proposes Resumption of Negotiations Broken Off in 1913

By David Fraser

The Chinese from time to time have taken a violent interest in Tibet, and it might be supposed from their anxiety about it that Tibet was territory of enormous value. The exact contrary is the case. Of all regions in the world outside the Polar circles Tibet is undoubtedly the poorest economically, and, consequently, the most thinly inhabited. Its area is variously estimated. Stanford puts it at 700,000 square miles, others make it no more than 463,200. It is irregularly shaped, its extreme length and breadth of 1,400 and 800 miles respectively showing it to be one of the spacious countries of the earth. This region is inexpressibly poor and desolate for the simple reason that it is so high above sea level that except in certain limited areas nothing will grow upon it. It has never been surveyed, but a very few travelers have managed to explore it sufficiently to prove its general character. The whole of the plateau has an average height of some 16,000 feet and there is no departure from this inhospitable

level except in the valley of the Brahmaputra (in Tibet known as the Sanpo) immediately north of the Himalayas, in the south-east where flow the upper waters of that remarkable series of immense rivers, Yangtze, Mekong, Salween and Irrawaddy, and in the north-east where rises the Yellow River.

In the first 500 miles of the course of the Sanpo, from its source in Lake Manasarowar to Shigatse, the level is so high that cultivation is almost impossible, wherefore the population numbers only a few thousands centred in villages which have to import from the east such food as they require beyond the products of their herds. At Shigatse the level of the river drops to 12,000 feet and here there is a wide plain cultivated to some extent. Between Shigatse and Gyantse, along a tributary of the greater river, are a few points of cultivation, while Gyantse is situated in a wide plain fully cultivated. Here, and at Lhasa, on another tributary of the Sanpo, and at Chetang, a little way down the Sanpo, are



LHASA—THE CAPITAL OF TIBET—TOPPED BY THE POTALA PALACE, THE RESIDENCE OF THE "INCARNATE DIVINITY." WHITEWASHED WALLS MAKE A BACKGROUND FOR MANY TOUCHES OF COLOR AND GILDED ROOF; AND OVER ALL GLOWS THE CRIMSON OF THE GRAND LAMA'S PRIVATE RESIDENCE, SURROUNDED BY WHITE PALACE WALLS

the principal centres in western Tibet, the whole forming a parallelogram about 150 miles by 50, or a total of 7,500 square miles, of which something between two and five per cent. perhaps are cultivated. The enormous region west and north of this little area is known as Chungtang, a blank, treeless desert, intersected

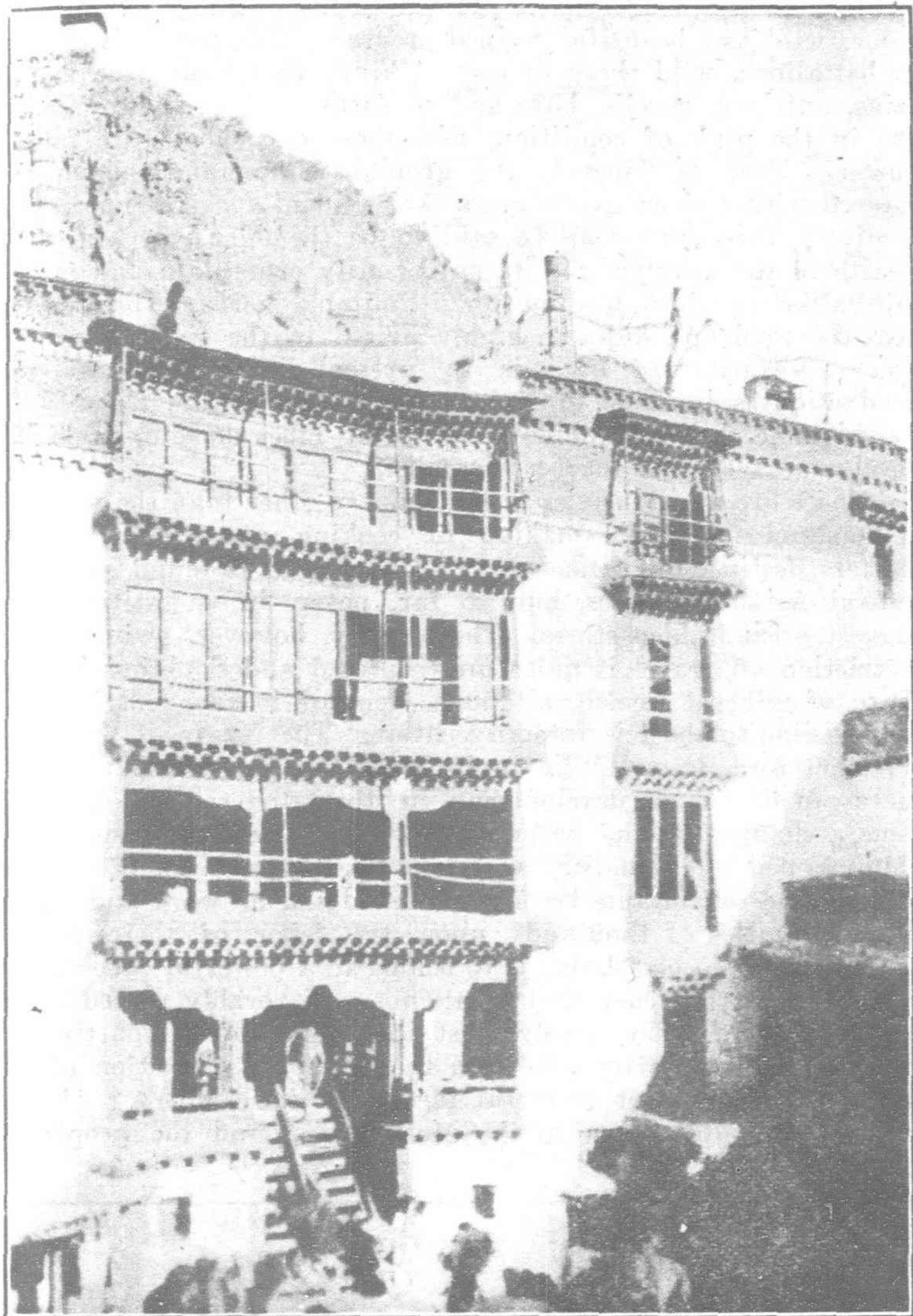


Photo: David Fraser

THE PRIVATE HOUSE OF A TIBETAN NOBLEMAN NEAR SHIGATSE

by mountain ranges, dotted with lakes generally salt, the soil gravel growing nothing but the coarsest herbage, and without any settled population. East of Chetang there are some more cultivated areas along the banks of the Sanpo, until the river turns south and plunges into the impenetrable mass of the main Himalayan range, to emerge later in Assam as the Brahmaputra.

So much for that strip of Tibet immediately bordering the Indian frontier. From the point where the Sanpo leaves Tibet, eastwards for several hundred miles, the country is a maze of mountains scored by very narrow valleys containing a limited population. North of the Sanpo runs the trade route from Lhasa to Chiamdo, also sparsely inhabited. In the Chiamdo region flow closely parallel, the upper waters of the four great streams previously mentioned, each in its own valley separated from the adjoining rivers by lofty ranges of mountains. These valleys are cultivated and populated to a considerable extent, the Yangtze, Salween, and Mekong flowing at a height of about 10,000 feet when they enter Chinese territory. Northwest of Chiamdo, however, the ground rises rapidly and the valleys soon become uncultivable.

Finally there is the Kokonor region in which the Yellow River rises. The river crosses the Chinese frontier at 10,000 feet, and there is some cultivation upstream and considerable population. Height here, as elsewhere, however, restricts agricultural activity, for as the valleys are ascended the general level quickly reaches the point where cultivation becomes impossible.

Probably in the two eastern regions briefly described the total cultivated area is not more than double that of the parallelogram on the Sanpo, so that the grand total for the whole of Tibet is utterly insignificant. The population has never been reliably estimated and is difficult to gauge for the double reason that there are many nomads in the wilder regions, while it has never been determined where Tibet ends and China begins. I have heard it hazarded that the total number of Tibetans, including those who dwell in the mountainous region known as the Marches, is perhaps 3,000,000. My own idea is that the population of the Sanpo region can hardly exceed a quarter of a million. Inhabitants are believed to be considerably more numerous in eastern Tibet, and half a million may be ventured for this region and Kokonor together: and, peradventure, there may be another quarter of a million of nomads roaming the higher levels. That makes a million all told for Tibet proper, and, when I remember the great wastes which I travelled over in 1906, without ever seeing a living soul, and how restricted the population was in the comparatively rich Gyantse and Shigatse plains, it seems to me a pretty generous estimate. Anyhow, if such population as there is were concentrated in a small accessible area the country would have infinitely more value than it has. But the three regions described are separated each from the other by several hundreds of miles of difficult country, and every approach, whether from India or Sinkiang or western China, is barred by successions of lofty mountain ranges which make communication most laborious. Even within the inhabited areas communities are separated by long distances and difficult caravan tracks, which render communication slow and expensive. The total trade, export and import, between India and Tibet in 1904-5 was valued at £250,000, but has largely increased since those days. Tibetan trade with China has been so disturbed during the last eight years that no available figures give a reliable idea of what it might be in favourable circumstances, but it is safe to say that the aggregate is far below that of any of the more important Treaty ports.

The principal feature of Tibet is the extraordinary high level at which it lies. That level, generally, is far above what is known as the fuel line, beyond which nothing grows. Travelling in the southern slopes of the Himalayas one sees at a glance how at 14,000 feet there is a line above which trees and bushes absolutely cease to exist. At one point in Sikkim the traveller looks down 2,000 feet into the ravine where flows the Teesta, a twisting torrent, dazzling white, showing irregularly between its luxuriantly, almost tropically vegetated banks. The level of the river at this point is 2,000 feet above the sea. Immediately beyond rises Kinchinjunga, 28,156 feet, the third highest mountain in the world, its feet in the jungles below, its head in the very skies. Step by step from the lower levels the changing character of the vegetation on its slopes may be observed. Trees of all kinds grow up to eight or nine thousand feet, then follows a broad belt of pine, then a strip of rhododendron, after which nothing but rock, snow and glacier, infinitely beautiful, but terrible in its desolation. The

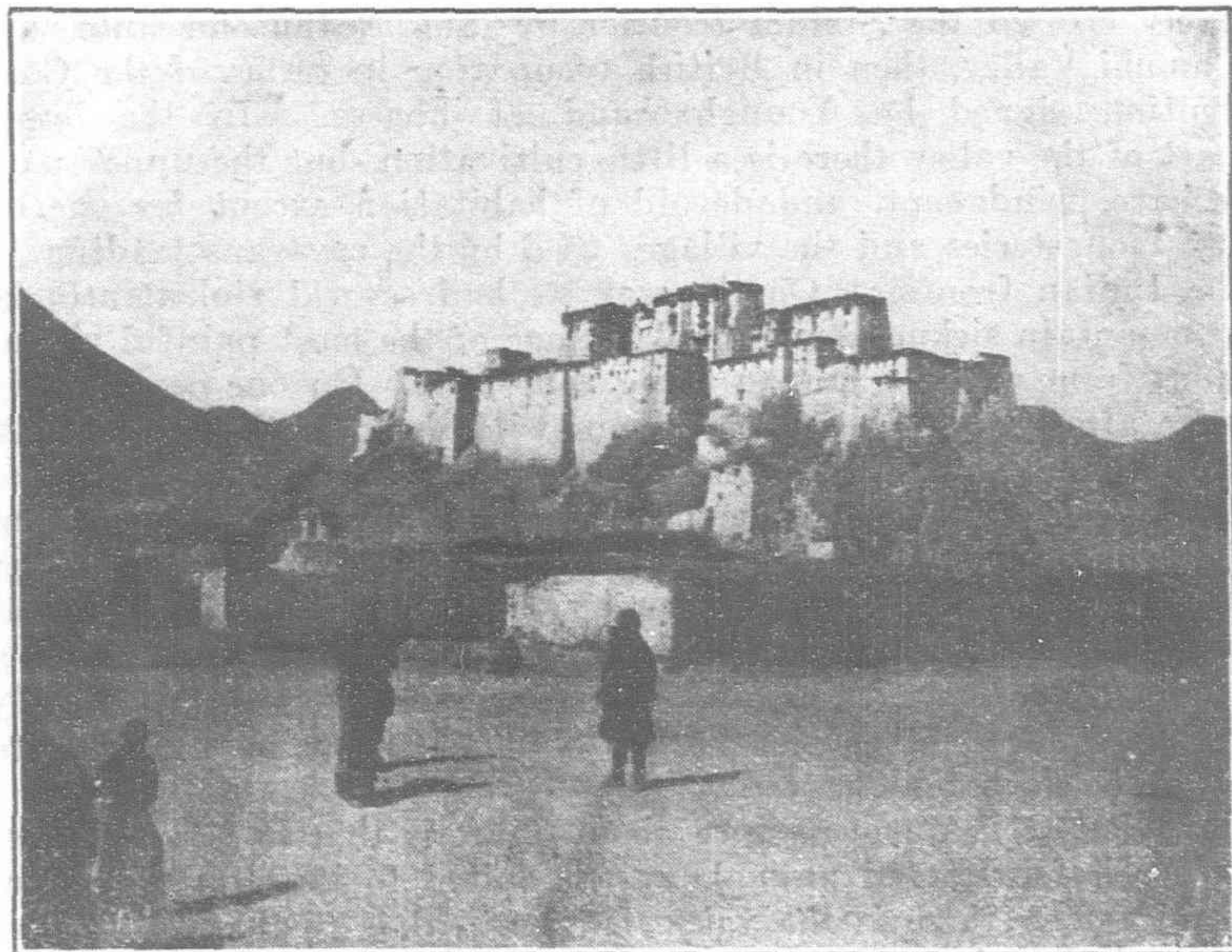


Photo: David Fraser

SHIGATSE JONG

line at which vegetation ceases is as well defined as the tidemark on the shore of the sea. The same section of the Himalayas viewed from the Tibetan side presents a remarkable contrast. The plain north of Kinchinjunga is 16,000 feet high, and the mighty range rising out of it in the south, as well as the plain

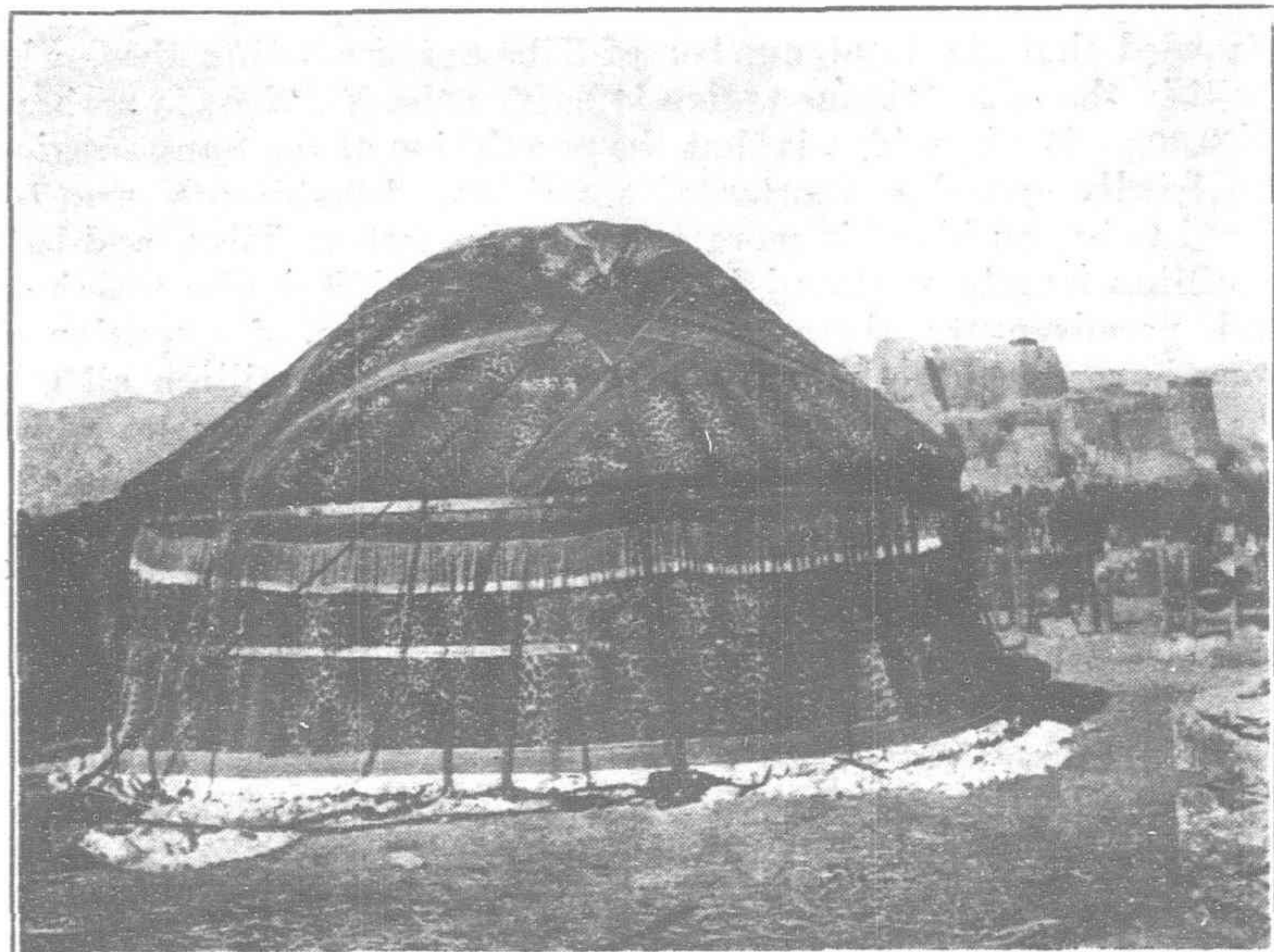


Photo: David Fraser

AN AKOI COVERED WITH LEOPARD SKINS, BELONGING TO THE TASHI LAMA OF TIBET, TO WHOM IT WAS PRESENTED BY THE HUTUKHTU OF MONGOLIA

itself, is absolutely devoid of trees or bushes. Kinchinjunga is still the dominating feature, a shapeless towering mass of dazzling snow and shimmering ice, amid which huge curtains of precipitous rock glower darkly. Such is the character of the whole of the southern frontier of Tibet except at the one point where the Sanpo at a level of 9,000 feet, hidden among pine covered slopes, thrusts its way through a gap in the mightiest range in the world. In the far west, near Leh, there is no great range between Tibet and the Kashmir frontier, but a general level of sixteen or seventeen thousand feet in which there is only one gap, where the Indus breaks through at a height of 14,000 feet. Along the whole of the northern frontier there stretches the stupendous Kuenlun Mountains, through which no rivers break northward. In the east the character of the plateau changes and great ranges run north and south, between them deep valleys along which escape the head waters of the Yellow, Irrawaddy, Mekong, Salween and Yangtze Rivers. Geographically Tibet is a wilderness, in which the development of mankind is arrested by conditions inimical to the human race.

Many years ago I had the opportunity to travel in Tibet, unfortunately in winter, which all the more brought home to me the conditions of existence in that dreary country. Our small party crossed the Sikkim frontier by the Nathu La into the Chumbi Valley, then in British occupation in terms of the Convention signed by Younghusband at Lhasa. In the lower part of the valley there is a little cultivation, but the upper part is bare, windswept, and devoid of habitation except for one or two monasteries and the villages used by the caravans trading to the Indian frontier. On the way we had several violent attacks of mountain sickness, while it lasts one of the most painful visitations from which a human being can suffer. On one occasion we were after *ovis ammon*, the famous wild sheep of the Himalayas, and in the excitement of stalking we had reached a height of 18,000 feet without realizing the strain on our hearts. The reaction following the hard climb laid us absolutely low. We were not literally sick, but suffered from terrible headaches and a general prostration that was really alarming. A friend of mine, after a similar experience on another occasion, was affected so seriously that he had to be carried back a week's journey in a litter to lower levels before he recovered.

What strikes one at once about Tibet is that it is a paradise for such four-footed animals as are suited to its climate. Principal among these is the yak. This animal is to the Tibetans as the reindeer is to the Laps, indispensable for transport, for the supply of the butter universally used, and for its wool which is

woven into material of many kinds. Curiously enough even the dung of the yak is one of the essentials of existence in a country which is devoid of firewood. Dried—argol, as it is called—is the universal fuel of the land, burning when first lit with a horrid acrid smoke, afterwards with a red hot glow effective for cooking or heating. Next in importance come sheep, of which there are millions in the country. Besides these the country abounds in game, wild ass, beautiful striped creatures that roam the plains in battalions, wild sheep of several kinds that haunt the mountains, antelope, gazelle, hare and so forth. All of these animals are in the pink of condition, and those one shoots are fat as butter. Bare as Tibet is the ground winter and summer is covered with a short coarse grass that evidently makes nutritious feeding. This grass may be said to be the only real source of wealth in the country, for its universality over plain and mountain alike provides feeding for illimitable herds. These herds give the wool and hides so highly prized in the civilized world. The exportation of both is at present limited because the production is limited. But the possibilities in this respect are considerable, and the economic future of Tibet depends upon the development of this source of wealth.

There are no industries in the country other than the weaving of homespun cloth, the making of cooking utensils and other matters destined for home use. Alluvial gold is found as in all central Asian countries, but, so far, never in quantities that suggest great hidden stores. The country, however, owing to the restriction on travel is quite unprospected and doubtless has its share of mineral wealth, although signs of it have not hitherto been visible to the few foreign visitors. The future of the country, therefore, seems to lie in its wool and hides. But before there can be serious development in this direction there must come a change in the social structure. Tibet is unspeakably handicapped by Lamaism, a system whereby a large proportion of the male inhabitants become monks, doing no work and living in communities of thousands upon the labor of their fellow-countrymen. To be a Lama is to belong to a powerful corporation and to enjoy the veneration of all not so favorably placed. One son at least of every family must join the Church, partly for spiritual motives, partly to gain the temporal protection of the monasteries, the most powerful factors in the country. All the cultivated land belongs to the Monasteries, and the people on



Photo: David Fraser

IN TIBET THE BOATMAN CARRIES HIS SKIN CANOE BEFORE COMING TO A RIVER AND PADDLING ACROSS

it work for a bare subsistence, sending all their surplus products to their proprietors. The Tibetan Lamas have always looked askance at India, fearing that the intrusion from there of modern ideas would lessen their power and prestige. This is one of the reasons why Tibet has always been jealously closed to foreigners. The other reason is that the Chinese have always encouraged the Tibetans to debar foreigners and foreign things, so that their own influence might remain predominant. Since the Lhasa expedition, however, a change has come over the country; the Tashi and Dalai Lamas with large retinues have both visited India and had their eyes opened. They have thrown off the Chinese yoke, whatever it may have amounted to, with the result that their country has enjoyed a peace and prosperity that it had never before known. The Lama system is an anachronism that will tend to die out very fast with the spread of modern knowledge. There are three monasteries in Lhasa containing 7,000 monks each, at Shigatze there are 4,000, and thousands more at other places. Once foreign trade is free, as it now is with India, there is a worldly career for intelligent men who hitherto have gravitated towards the monasteries because there was nothing else to do. Let the hordes of drones be reduced, and much can be done to change Tibet from a profitless wilderness into a country productive in a limited degree. Rich it can never be, unless minerals and the precious metals are discovered in unexpected quantity.

Why the Chinese have ever interested themselves so fiercely in the disposal of a country of so little economic value or strategic importance is a mystery. Weak states compelled by circumstances to give way over important questions probably tend to make a fuss over small matters as being within the line of least resistance. Hence, China, beaten in the war with Japan, deservedly humiliated and mulcted after the Boxer Rebellion, brow-beaten by Russia and Germany in the matter of Kwantung and Kiao-chow, made an effort to maintain her prestige when she invaded Tibet and occupied Lhasa in 1910. Next year came the Revolution when the Chinese soldiers in Tibet mutinied against their officers, and were eventually overcome by the Tibetans. Since then China has tried to restore her position by action in the Szechuan Marches. The Tibetans successfully resisted their efforts in 1912, and in 1913 a draft tripartite treaty was drawn up at Simla in which the autonomy of Tibet was recognized, and China undertook not to send troops or officials into the country other than political agents with small personal escorts. Tibet on the other hand acknowledged the suzerainty of China. This treaty was never ratified because China would not agree with the Tibetans on the question of the frontier to be delimited. Since then there was peace on the frontier until 1917, when a Chinese General on his own responsibility, and without the knowledge of Peking, declared his intention in an official despatch to the Tibetan General, of marching on Lhasa. He attacked forthwith and was badly defeated, and most of his army captured. The following year a British agent mediated between the belligerents and in fact persuaded the Tibetans to refrain from penetrating into Szechuan and pushing on to Tachienlu, which the Chinese were, and are still, incapable of preventing. In these circumstances the Chinese have wisely approached the British Government with definite proposals for the ratification of the treaty previously drafted, subject to certain modifications in the frontier as then proposed. The Tibetans are ready enough to make peace with China, and to put an end to the state of war which has caused infinite suffering on the frontier, always provided there is a guarantee of non-interference by China in the future. China, on her part, is approaching the subject in a friendly spirit and there is every probability of an arrangement, satisfactory to all concerned, being concluded at an early date.

Projected Railway Through Kweichow

Apparently some provincial authorities in China are of the opinion that they are entitled to grant rights for the construction

of railways which unquestionably should be built under the direct control of the Central Government. The Provincial Assembly of Kweichow Province, for instance, believes it has the power to grant the right for the construction of a railway from Chungking, in Szechuan Province, through Kweiyang, the Capital of Kweichow Province, to Liuchowfu, in Kwangsi Province. On June 9, according to the Kweiyang correspondent of the "North-China Daily News," the Provincial Assembly held an extraordinary session to sanction an agreement entered into by Mr. Wang Peh-ching—Kweiyang Taoyin and Kweichow delegate at the Shanghai Peace Conference—with the representative of a Chinese Company in Canada for the construction of the above-mentioned railroad. After three days' discussion the Assembly sanctioned the agreement, which calls for the commencement of construction within a year of the signing of the agreement, and completion of the line in eight years; and the deposit with the Kweichow Bank of \$1,000,000, silver, on signature of the agreement, as evidence of good faith. The agreement also provides for the granting to the concessionaires of all mining and forestry rights within thirty li (about ten miles) of each side of the railroad, and stipulates that after forty years the line shall revert unconditionally to Kweichow Province. The correspondent understands that the work will cost \$40,000,000 silver!

While it is encouraging to see Chinese Companies (taking it for granted that the concern involved in this transaction is bona fide Chinese) investing money in the construction of railways in China, it is regrettable that it is accompanied by the introduction once again of provincial control. So many evils arose in the few years preceding the revolution of 1911 as a result of the activities of Chinese provincial railway promoters, that it is impossible to look with anything but alarm upon the revival of possibilities in the same direction. China's future so greatly depends upon a systematised expansion of railway communication that railway policy should be rigorously controlled by a central organization. The Ministry of Communications at Peking managed to establish itself in that position after 1911, but the recent internal dissension and the declaration of independence by various southwestern and other provinces has lost the Peking Ministry its hold. The provinces through which this projected road will run are now all independent of Peking, but how Kweichow Provincial Assembly can speak on behalf of Szechuan and Kwangsi, remains to be seen. The independent provinces represented by the alleged government at Canton, claim, of course, that they are entitled to manage their own affairs as they think best, and as they are just as hard up for money as the Northern government they probably have decided to take a leaf out of the latter's book and raise money on concessions. They are more honest than the North, however, in this case, since it is to a Chinese concern that they are granting the concession.

So far as the railway projected is concerned it can be said without hesitation that it will not be completed as an efficient proposition in eight years, if at all—at least by the present concessionaires. The route traversed is virtually a sea of mountains, and presents so many engineering difficulties that it is almost impracticable for railway operation, certainly not commercially possible between Kweiyang and Chungking under present conditions of undevelopment in China. When the Company which has undertaken to build this line estimates that it will complete it for \$40,000,000 it displays complete ignorance of the country and costs of construction. From Chungking to Liuchowfu is approximately 450 miles, the major portion of it heavy construction, and at least half of it through mountain region of the most difficult nature, if not in some places almost impassable. To build and equip a railroad through such a region will require at least \$150,000 per mile, and in parts the cost is certain to run to \$200,000 per mile. Over average country a railway would cost from \$80,000 to \$100,000 per mile, and apparently those concerned regard the area in which they are interested as average. Someone will be disillusioned before the project gets very far—someone who has overlooked the fact that when Messrs. Pauling & Co., Ltd., of London, who held the right to build a line from Canton to Chungking, via Kweiyang, looked into the proposition they, and the Chinese Government, unhesitatingly decided to abandon it as absolutely impracticable under present conditions.

The International Development of China

A New Seaport to Supplement Shanghai Proposed by Dr. Sun Yat-sen in his Second Program.

PROGRAM II.

As the Great Northern Port is the center of our first program, so a Great Eastern Port will be the center of our second program. I shall formulate this program as follows:—

- I.—The Great Eastern Port.
- II.—The Regulating of the Yangtze Channel and Embankments.
- III.—The Construction of River Ports.
- IV.—The Improvement of Existing Waterways and Canals in connexion with the Yangtze.
- V.—The Establishment of large Cement Works.

PART I.—THE GREAT EASTERN PORT.

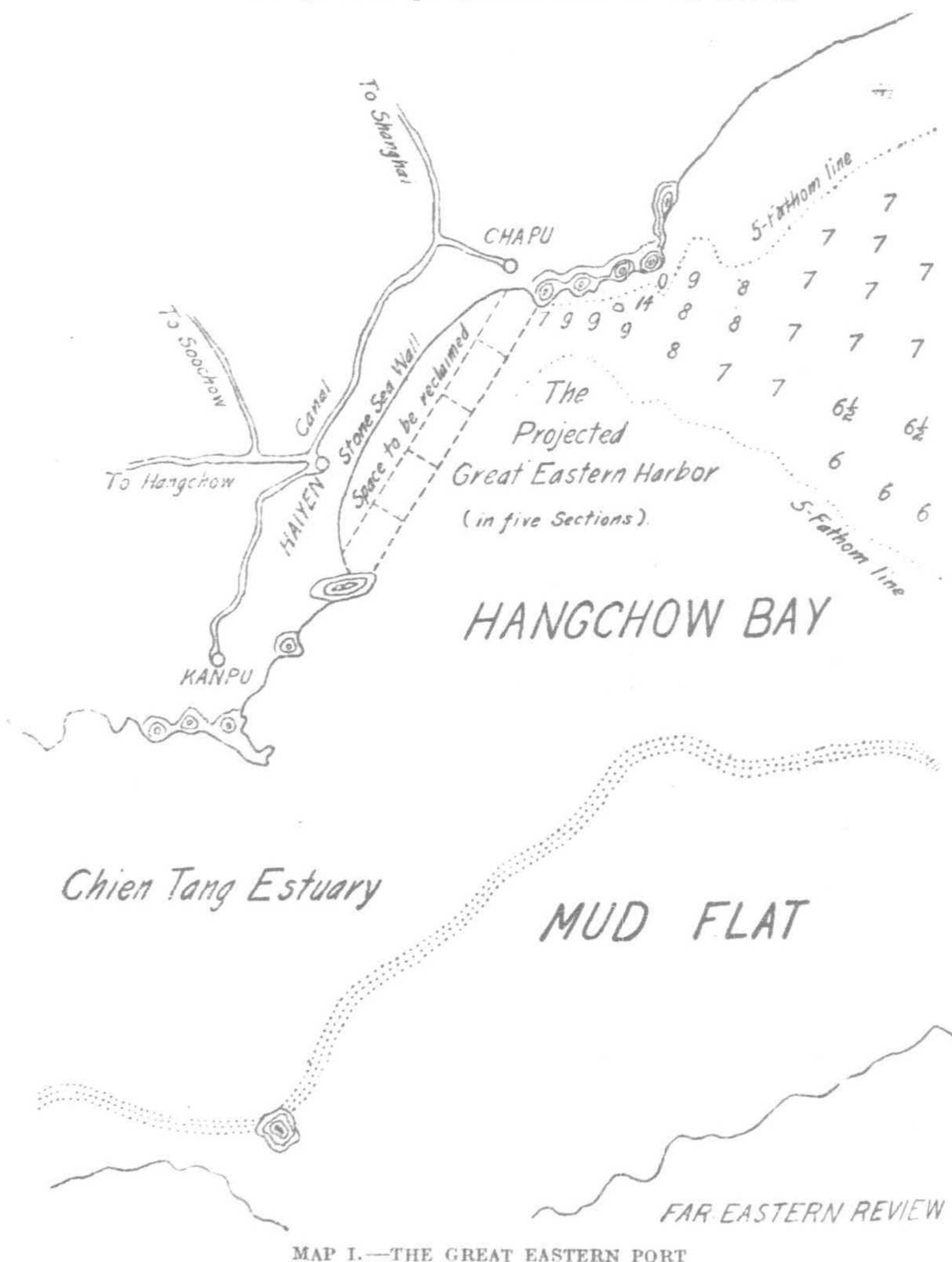
Although Shanghai is already the largest port in all China, as it stands it will not meet the future needs and demands of a world harbor. Therefore there is a movement at present among the foreign merchants in China to construct a world port in Shanghai. Several plans have been proposed such as to improve the existing arrangement, to build a wet dock by closing the Whangpoo River, to construct a close harbor on the right bank of the Yangtze outside of the Whangpoo, and to excavate a new basin just east of Shanghai, with a shipping canal to Hangchow Bay. It is estimated that a cost of over one hundred million silver dollars must be spent before Shanghai can be made a first class port.

According to the four principles I set forth in Program I, Shanghai as a world port for Eastern China is not in an ideal position. The best position for a port of that kind is at a point just south of Chapu on the Hangchow Bay. This locality is far superior to Shanghai as an Eastern Port for China from the standpoint of our four principles as set forth in our first program. Henceforth we shall call this the "Projected Port" so as to distinguish it from Shanghai, the existing Port of Eastern China in our course of discussion

The Great Eastern Port.

The "Projected Port" will be on the Bay which lies between the Chapu and the Kanpu promontories, a distance of about fifteen miles. A new sea wall should be built from one promontory to the other and a gap should be left at the Chapu end, a few hundred feet from the hill, as an entrance to the harbor. The sea wall should be divided into five sections of three miles each. For the present, one section of three miles in length and one and a half miles in width should be built and a harbor of three or more square miles so formed would be sufficient. With the growth of commerce one section after the other could be added to meet the needs. The front sea wall should be built of stone or concrete, while the transverse wall between the sea wall and the landside should be built of sand and bush mattress as a temporary structure to be removed in case of the extension of the harbor. Once a harbor is formed there need be no trouble regarding the future conservancy work, for there is no silt-carrying water in the vicinity by which the harbor and its approaches may be silted up afterwards. The entrance of our harbor is in the deepest part of the Hangchow Bay, and from the entrance to the open sea there is an average depth of six to seven fathoms at low water. The largest ocean liner could therefore come into port at any hour. Thus as a first class seaport in Central China our Projected Port is superior to Shanghai. See Map I.

With regard to the line of least resistance, our Projected Port is on new land which offers absolute freedom for city planning and industrial development. All public utilities and transportation plants can be constructed according to the most up-to-date methods. This point alone is an important factor for a future city like ours which in time is bound to grow as large as New York City. If one hundred years ago human foresight could have foreseen the present size and population of New York, much of the wasted labor and money, and blunders due to short-sightedness, could have been avoided in meeting conditions of the ever-growing population and commerce of that city. With this in view a Great Eastern Port in China should be started on new ground to insure room for growth proportionate to its needs.



MAP I.—THE GREAT EASTERN PORT

Moreover, all the natural advantages which Shanghai possesses as a central mart and Yangtze Port in Eastern China are also possessed by our Projected Port. Furthermore, our Projected Port is shorter in distance, by rail communication from all the large cities south of the Yangtze than is Shanghai. And if the existing waterway between this part of the country and Wuhu were improved then the water communication with the Upper Yangtze would also be shorter from our Projected Port than from

Shanghai. And all the artificial advantages possessed by Shanghai as a large city and a commercial center in this part of China can be easily attained by our Projected Port within a very short time.

By comparing Shanghai with our Projected Port from a remunerative point of view in our development scheme, the former is much inferior in position to the latter, for valuable lands have to be bought and costly plants and existing arrangements have to be scrapped, the cost of which alone is enough to construct a fine harbor in our projected site. Therefore, it is highly advisable to construct another first class port for Eastern China such as the one I here propose, leaving Shanghai to be an inland mart and manufacturing center, as Manchester is in relation to Liverpool, Osaka is to Kobe, and Tokyo to Yokohama.

Our Projected Port will be a highly remunerative proposition for the cost of construction will be many times cheaper than the improvement of Shanghai and the work will be simpler. The land between Chapu and Kanpu and farther on will not be higher than from fifty to one hundred dollars a mow. The nation should take up a few hundred square miles of land in this neighbourhood for the scheme of our future city development. Let us say two hundred square miles of land at the price of one hundred dollars a mow to be taken up. As six mow make an acre and six hundred and forty acres a square mile, two hundred square miles would cost 76,000,000 dollars Mex. An enormous sum for a project indeed! But the land could be fixed at the present price and the State could buy only that part of land which will actually be taken up and used. The other part of the land would remain as State land unpaid and left to the original owners' uses except for the right to sell. Thus the State only takes up as much land as it could use in the development scheme at a fixed price which remains permanent. The payment then would be gradual. The State could pay for the land by its own increment afterwards. So that only the first allotment of land has to be paid from the capital money, the rest will be paid by its own future value. After the first section of the harbor is completed and the port developed, the price of land then would be bound to rise rapidly and within ten years the land value within the city limits would rise to various grades from a thousand to a hundred thousand dollars per mow. Thus the land itself would be a source of profit, besides there would also be the profit of the scheme itself, i.e., the harbor and the city. Because of its commanding position, the harbor has every possibility of being a city equal to New York. It would probably be the only deep water sea port for the Yangtze Valley and beyond, an area peopled by two hundred million inhabitants, twice the population of the whole United States. The rate of growth of such a city would be in proportion to the rate of progress of the working out of the development scheme. If war work methods, that is gigantic planning and efficient organization, were applied to the construction of the harbor and city, then an Oriental New York City would spring up in a very short time. Then there would be no fear of overgrowth and the misapplication of capital, for unlimited resources and a large population are waiting to make use of such a port.

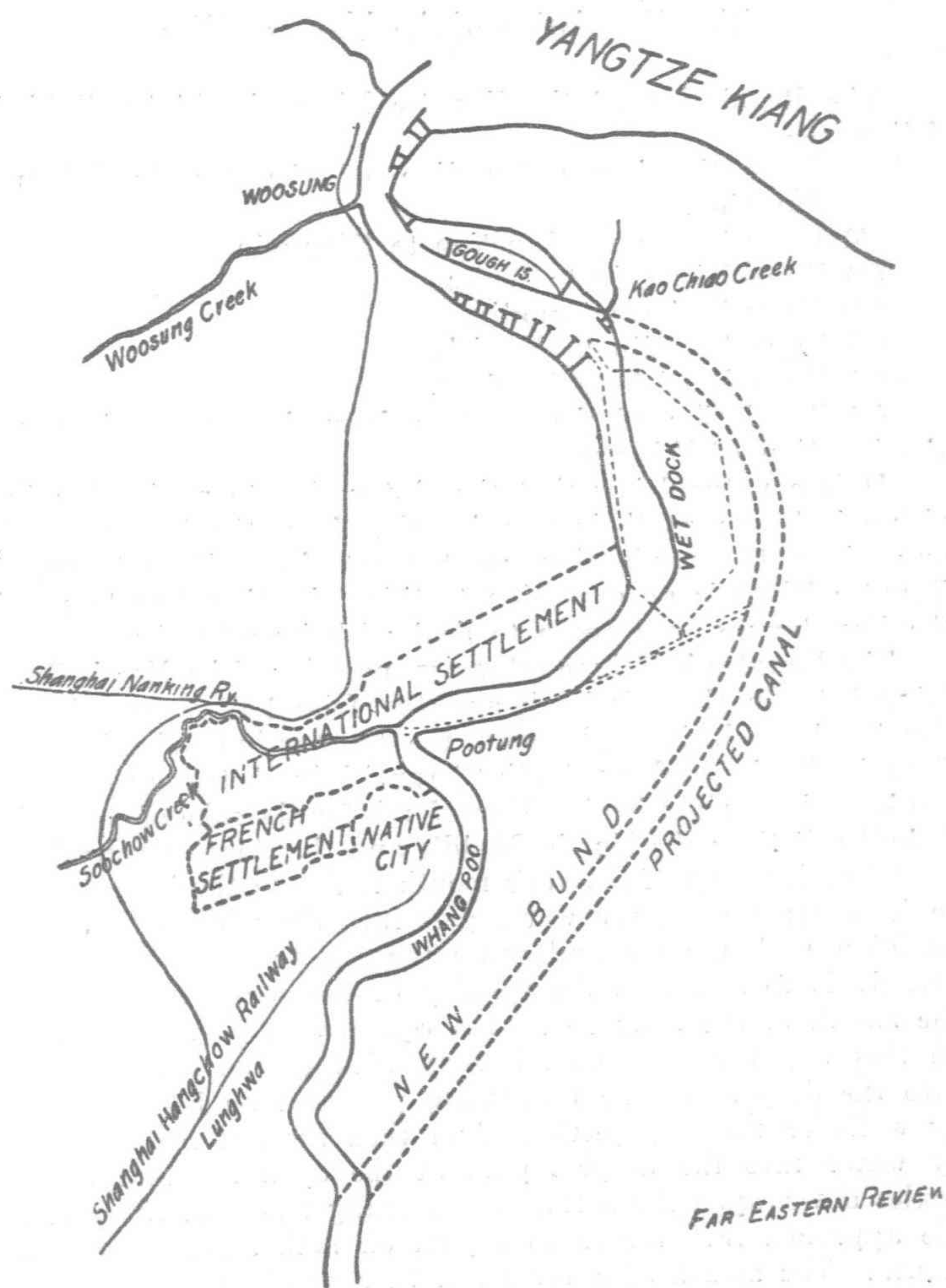
Shanghai as the Great Eastern Port.

If only to provide a deep water harbor for the future commerce in this part of China is our object then there is no question in the choice between Shanghai and our Projected Port. From every point of view Shanghai as a world port is doomed. However, in our scheme of the development of China, Shanghai has other bearings, so its salvation may still be found in a general way from that consideration. The curse of Shanghai as a world port for future commerce is the silt of the Yangtze which fills up all its approaches rapidly every year. This silt according to the estimation of Mr. Von Heidenstam, Engineer-in-chief of the Whangpoo Conservancy Board, is a hundred million tons a year and is sufficient to cover an area of forty square miles ten feet deep. So before Shanghai can be considered likely ever to become a world port this silt problem must first be solved. Fortunately in our program we have the regulation of the Yangtze Channels and Embankments, which will cooperate in solving the approach to Shanghai. Thus with this scheme in mind we might just as well consider that the silt question of Shanghai has been solved and let us go ahead, while leaving the regulation of the Yangtze

Estuary to the next part, to deal with the improvement of the Shanghai Harbor.

There are many plans proposed by experts for improving the Shanghai Harbor as stated before, and some of them will necessitate the scrapping of all the work which has been done by the Whangpoo Conservancy Board for the last twelve years at the cost of eleven million tales. Here I wish to present a layman's plan for the consideration of specialists and the public.

My project for the construction of a world harbor in Shanghai is to leave the existing arrangement intact from the mouth of the Whangpoo to the junction of Kaochia Creek above Gough Island. Thus all the work hitherto done by the Whangpoo Conservancy Board for the last twelve years will be saved. The plan then is to cut a new canal from the junction of Kaochia Creek right into Pootung to prolong that part of the channel which has been completed by the Conservancy Work, and to enlarge the curve along the right side of the Whangpoo River and join it again at the second turn above Lunghwa Railway Junction so as to make the river from that point to a point opposite Yangtzepoo Point, almost in a straight line, and thence a gentle curve to Woosung. This new canal would encircle nearly thirty square miles of land which would form the civic center and the New Bund of our future Shanghai. Of course the present crooked Whangpoo right in front of Shanghai would have to be filled up to form boulevards and business lots. It goes without saying that the reclaimed lots from the Whangpoo would become State property, and the land between this and the new river and beyond should be taken up by the State and put at the disposal of the International Development Organization. Thus it may be possible for Shanghai to compete with our Projected Port economically in its construction and therefore to attract foreign capital, to the improvement of Shanghai as a future world port. See Map II.



MAP II.—PROPOSED SHANGHAI CANAL

Below Yangtzepoo Point I propose to build a wet dock. This dock would be laid between the left bank of the present Whangpoo, from Yangtzepoo Point to the turn above Gough Island and the left bank of the new river. The space of the dock would be about six square miles. A lock entrance is to be constructed at the

point above Gough Island. The dock would be forty feet deep and the new river can also be made the same depth by flushing from the water, not as proposed by experts from a lock canal between the Yangtze and the Taihu at Kiangyin, but from our improved waterway between this part of the country and Wuhu so that a much stronger current could be obtained.

As we see that the present Whangpoo has to be reclaimed from the second turn above Lunghwa Railway Junction to Yangtzepoo Point for city planning, then the question of how to dispose of the Soochow Creek must be answered. I propose that this stream should be led alongside the right bank of the future defunct river and straight on to the upper end of the wet dock, thence join the new canal. At the point of contact between the Creek and the wet dock a lock entrance may be provided in order to facilitate water traffic from Soochow as well as the inland water system directly with the wet dock.

As the first principle in our program was remuneration all our plans must strictly follow this principle. To create Pootung Point, therefore, as a civic center and to build a new Bund farther on along the left bank of the new canal in order to increase the value of the new land which would result from this scheme must be kept in mind. Because only by so doing would the construction of Shanghai as a deep harbor be worth while. And only by creating some new and valuable property in this foredoomed Port can Shanghai be saved from the competition of our Projected Port. After all the most important factor for the salvation of Shanghai is the solution of the silt question of the Yangtze Estuaries. Now let us see what effect and bearing the regulating of the Yangtze Channel and Embankments have upon the question, which we are going to deal with in the next part.

PART II.

The Regulating of the Yangtze River.

The Regulating of the Yangtze River should be divided as follows:—

- (a) From the deep water line of the sea to Whangpoo Junction.
- (b) From Whangpoo Junction to Kiangyin.
- (c) From Kiangyin to Wuhu.
- (d) From Wuhu to Tungliu.
- (e) From Tungliu to Wusieh.
- (f) From Wusieh to Hankow.
- (A) Regulation of the Estuary from deep water line up to the junction of Whangpoo.

It is a natural law that the obstruction to navigation in all rivers is begun at their mouths, therefore, the improvement of any river for navigation must start from its estuary. The Yangtze River is no exception to this rule, therefore to regulate the Yangtze we must begin to deal with its estuaries.

The Yangtze has three estuaries, namely: The North Branch, lying between the left bank and the Island of Tsungming; the North Channel, lying between the Tsungming Island and the Tungsha Banks, and the South Channel lying between the Tungsha Banks and the right bank. Henceforth for the sake of convenience I shall call them the North, Middle and the South Channels.

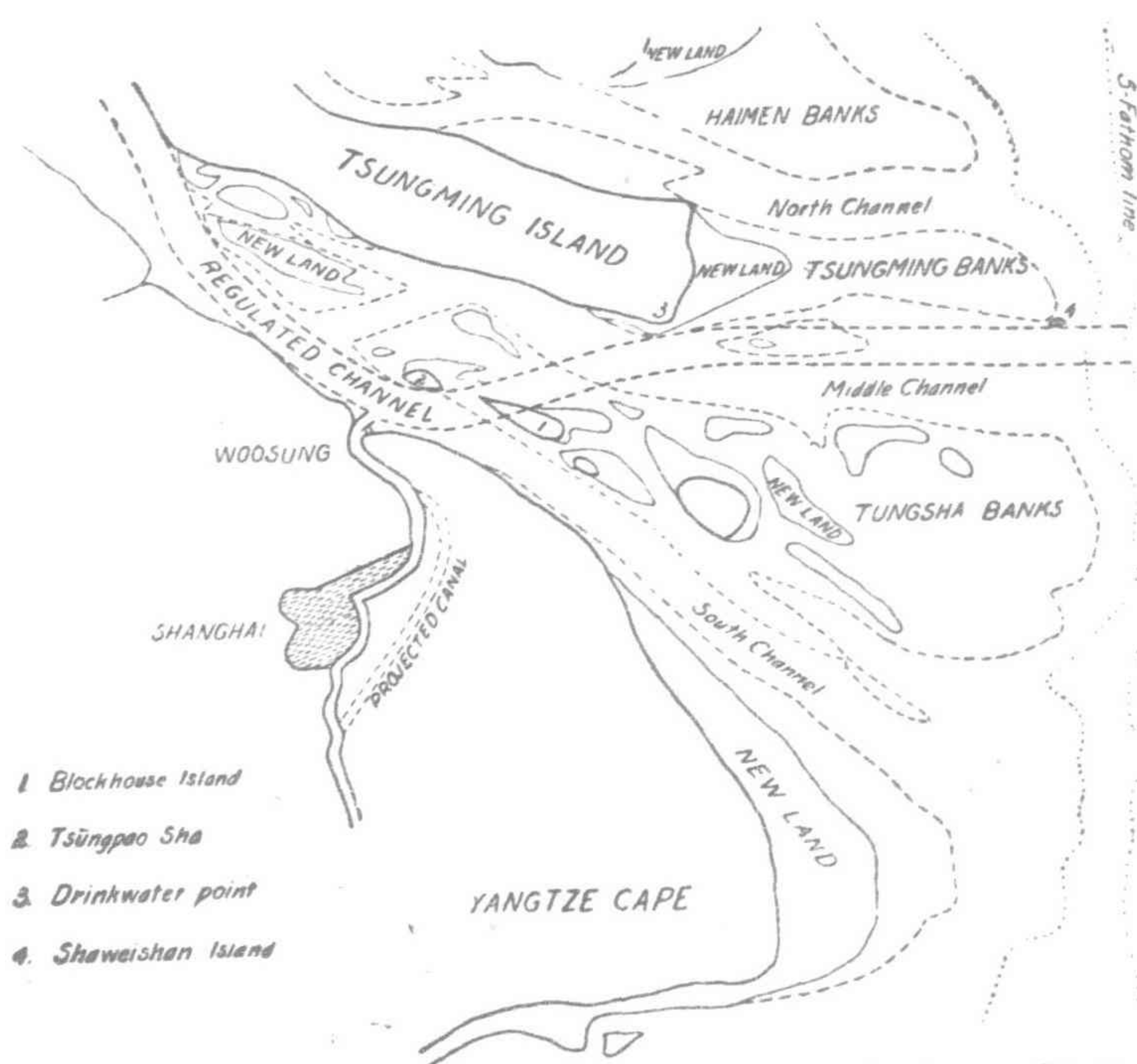
The silting up of a river's mouth is due to the loss of velocity in its current when the water gets into the wide opening at its junction with the sea and cause the silt to deposit there. The remedy is to maintain the velocity of the current by narrowing the mouth of the river so that it equals that of the upper part. In this way the silt which is suspended in the water moves on into the deep sea. The narrowing process may be accomplished by walls or training jetties. And thus the silt may be carried by water into the deepest part of the open sea and before it settles down upon the bottom a returning tide will carry it from the approach into the shallow part on both sides of the river's mouth. The mouth of a river can be kept clear from deposit of silt by the action and the reaction of the ebb and flow of the tide. The conservancy of an estuary of any river is accomplished by utilizing these natural forces.

In order to regulate the estuary of the Yangtze we have to study the three channels which form its mouth and to find out which of these channels is to be selected as the regulated entrance into the sea. In Mr. Von Heidenstam's proposal for the improve-

ment of the approach of the Shanghai Harbor, he recommends two alternatives, viz., to block up the North and the Middle Channels and to leave the South Channel only for the mouth of the Yangtze, or train the South Channel only and leave the other two alone. For the present, he thinks, perhaps for the sake of economy, that the latter scheme would be enough. But the training of the South Channel alone as the approach to Shanghai would leave it in a state of perpetual anxiety as has been apprehended by Mr. Von Heidenstam and other experts, for the main volume of the water of the Yangtze may be diverted into either of the other two channels and leave the Southern one to be silted up at any time. Therefore, to make the approach of Shanghai once for all safe and permanent, it is necessary to block up two of the three channels, leaving only one as an approach to the port. This is also the only feasible way of regulating the estuary of the Yangtze.

In our scheme of regulating the Yangtze Estuary I should recommend using the North Channel only and to block up the other two. Because the North Channel is the shortest way to the deep sea line and by using it as the only mouth of the Yangtze, we have on both sides of it more shallow banks to be reclaimed by its silt. Thus the expenditure would be less and the results greater. But this would leave Shanghai in the lurch. Therefore, in a cooperative scheme like this I would apply the theory of killing two birds with one stone by using the Middle Channel, since it would suit both of our purposes. The reason for this is because the regulating of the Yangtze Estuary and the securing of a Shanghai approach have different purposes hence the considerations must also be different.

In my project of regulating the Yangtze Estuary I have two aims, namely to secure a deep channel to the open sea and to save as much silt as possible for the purpose of reclamation of land. The Middle Channel provides three ready receptacles for the deposit of the silt for the formation of new land: the Haimen, the Tsungming and the Tungsha Banks. Besides these banks there are many hundreds of square miles of shallow bottom which in the course of ten or twenty years will also form land. As remuneration is our first principle we must consider it in every step of our program. The reclamation of about a thousand square miles of land even in forty not to say twenty years would be an ample profit. At the lowest estimate, the reclaimed land would be worth twenty dollars per mow. If after ten years five hundred square miles would be ready for cultivation purposes then we would gain a profit of \$38,000,000 dollars. Whereas to make an approach by the South Channel the receptable ground will be on one side only, that is the Tungsha Banks, while on the right of the approach is the deep Hangchow Bay which would take hundreds of year to fill up, and in the meanwhile half the



MAP III.—PROPOSED REGULATED CHANNEL AT THE YANGTZE ESTUARY

silt would be wasted. To Shanghai as a seaport the silt is a curse, but to the shallow banks the silt would be a blessing.

Since it is a profitable undertaking to reclaim the above mentioned banks and the neighboring shallows, we can quite well afford to build a double stone wall from the shore end of the Yangtze right out into the deep sea far beyond Shaweishan Island which is a distance of about forty miles. A stone wall from one fathom to five fathoms in height at low water level would likely not exceed an average cost of two hundred thousand dollars a mile, as cheap stones can easily be obtained from the granite islands nearby in the Chusan Archipelago. A wall of forty miles on each side, that is eighty miles in all, will cost sixteen million dollars or there about. And considering that 200 or 300 square miles of Haimen, Tsungming and the Tungsha banks would be converted into cultivated land within a short time, the expense of building the wall is well justified. Furthermore, the construction of this wall means that it would create a safe and permanent approach for a world port in Shanghai as well as a deep outlet of the Yangtze.

The regulating wall on the right side should be built from the junction of the Whangpoo by prolongation of its right jetty describing a gentle curve into the depths of the South Channel and turning towards the opposite side and cutting through the Blockhouse Island into the Middle Channel than running eastward right into the five fathom line southeast of Shaweishan Island. The left wall would be a continuation from that of Tsungming at Tsungpaosha Island, parallel with the right wall by a distance of about two miles. This wall should curve to a point at or near Drinkwater Point at Tsungming Island, then project out into the five fathom line at the open sea passing by just at the south

side of the Shaweishan Island. A glance at the map herewith will be sufficient to show how the future outlet of the Yangtze as well as the future approach of Shanghai should be. The two regulating submerged walls on both sides would be as high as low water level so as to give a free passage of the water over the top at flood tide. This will serve the purpose of carrying back the silt from the sea when the tide comes in, thus to reclaim the shallow space which is enclosed by the walls on both sides of the river much quicker than otherwise. The new Channel formed by these two parallel walls would likely be deeper than the present South Channel outside the Whangpoo, which is forty to fifty feet deep because the velocity of the current will be greater than the present one, due to the concentration of the three channels into one. Furthermore the depth would be more uniform and stable than at present. Although the regulating walls end at the five fathom line, the momentum of the current would continue beyond that point, and so would cut into the deeper water outside. This would serve the double purpose of draining the Yangtze Estuary as well as keeping open the approach to Shanghai.



See March and June numbers of the FAR EASTERN REVIEW for previous articles by Dr. Sun Yat-sen.

The Consortium and its Aims

An Authoritative Interpretation of the Character of the New Banking Group

Parties who are interested in defeating the formation in Paris and operation in China of a Consortium of the world's leading banking interests to aid China financially in her rehabilitation and reform are doing their utmost to create misunderstandings in the minds of the Chinese as to the true nature of the organization and its objects. Those Chinese—and unhappily their name is almost legion—who regard the revenue of their country as specially designed to afford them personal profit will fight the operation of any financial or other body calculated to secure strict accountability and honesty of service in China. Those representatives of other nations who hope to thrive on concessions and contracts based on questionable grounds will also leave no stone unturned to defeat the objects of an organization primarily designed to help and not to exploit China.

During recent months the wildest reports have been in circulation among the Chinese as to the nature of the Consortium and its aims. Chiefly, efforts have been made to cause the Chinese to believe that the Consortium has been formed solely to exploit China for the benefit of the founders of the Consortium, to take over control of her railways and other services, to handle her finances both internally and externally, and, in short, to deprive the country of any say in its own administrative affairs. There are Chinese who believe this, some because they want to, some because they know no better. Strenuous efforts are being made to fool the people of the country into believing that the Consortium is a foreign octopus, and unceasing endeavors are being directed towards the creation of a strong popular feeling throughout the country in opposition to any measures the Consortium may feel it desirable to recommend. Insidious propaganda has been afoot for some time with the object of setting China against her foreign friends and well-wishers—particularly Americans and Britons—in the hope of frustrating any steps that may be taken to render abortive certain contracts that have recently been

secured in China and which are not calculated to contribute to the benefit of the nation in any way. Militarists in China naturally oppose the Consortium because they realize that their spurs will be stripped from their heels once System is introduced, and that their glorious days as financial jugglers will be over immediately the Chinese Government agrees to contract a loan for reorganization purposes on Consortium terms. Providing those terms are set out clearly and cannot be construed as unjust every patriotic Chinese should insist upon their acceptance as the only means of freeing the country from the incubus now garrotting it.

In order to dispel some of the misunderstanding existing as to what the Consortium is and what it is not, the FAR EASTERN REVIEW sought an official interpretation from the highest foreign authority in China associated with its organization, aims, and objects, and that interpretation follows. It is such that it will convince all honest-minded people, Chinese or otherwise, that only those who do not desire to see China stand securely upon her feet would oppose the Consortium. No man, Chinese or foreign, who knows the conditions obtaining in China to-day could honestly raise a voice against such a reform measure as the Consortium will be if its operation is conducted on the basis here outlined. The criminal waste of China's opportunities can only be stopped by the organization of whatever financial assistance is to be accorded to her. The Consortium is designed to do that, and to aid the Chinese people to a better condition of life by freeing them from the strangling liabilities incurred by irresponsible officials who recklessly borrow and spend and who have no regard for national rights and property. The REVIEW bases its advice to all Chinese strongly to insist upon the country and government welcoming the Consortium upon the interpretation of its aims set forth on the following pages.

What the Consortium is Not

In the first place the Consortium is not a plan to dominate China through the institution of a permanent, foreign administrative service, superimposed over the Chinese officials. The administration will remain in the hands of the Chinese; full confidence is felt that under proper conditions the Chinese can efficiently administer their finances, railways, and industrial enterprises. These proper conditions have so far been wanting and it is in the interest of the Consortium as well as of the Chinese Government and people that they should be assured.

In the second place the Consortium is not a Monopoly. Its security, as well as sound public administration, requires that the entire system of public finance of China be reformed.

The use of so-called industrial loans in the recent past has shown that it is not in the interests of China or anyone else that such laxity should exist in the form of making loans for certain purposes and applying the proceeds to entirely different ends. Therefore all Government loans, whether administrative or industrial, must come under a system of above-board dealing and open accounting.

The chief creditors of the country are entitled to know about such commitments. That does not mean that they are to monopolize them all for themselves even on the financial side. It is to the interest of the Chinese Government that it should take its chief creditors into its confidence and plan with them concerning the strengthening of the public credit and the improvement of the financial administration.

On the side of contracting and furnishing supplies, the Consortium asks for no monopoly; in fact one of the essential principles of the new arrangement is that contracting shall be divorced from banking and financing.

When funds have been furnished under certain conditions required by security, the proceeds will be applied to contracts and supplies under a system of public tender. Therefore the Chinese Government will have the double advantage of an ample supply of funds at commercial rates together with the opportunity of making the most advantageous contracts for construction and supplies.

In its form, the Consortium avoids all exclusiveness, for it is agreed that any syndicate, firm, or company having an interest in Chinese finance will be freely admitted to its respective national group. Nor is there any intention to exclude any nation which has a large financial interest in China.

In the third place the Consortium will not, as alleged, fortify the Spheres of Influence. It will do quite the contrary. Instead of interesting capital in the development of local national influence, all foreign capital will back the Chinese Government.

In the fourth place, the Consortium is not to be confused with the plans and proposals of individuals which have been discussed in the Press in China, and which have been submitted in good faith for purposes of discussion, but which have by no means been adopted as a basis of action.

What the Consortium Will Do

In the first place it will put unified strength back of the Chinese Government.

Under the Sphere of Influence system the capital strength of each nation is primarily concerned in developing its sphere. All sections are pulling in different directions and all away from the Chinese Government.

The new system is based upon the idea that the interest of all requires the strengthening of the Chinese Government.

Under conditions of stability and progress in China all will derive more benefit than they could possibly do under the system of Spheres of Influence with the constant waste of rivalry and competition.

The result will be to strengthen the Chinese Government by giving it adequate means to carry out its projects in administrative and economic development, and it will put an end to a progressive division of China which can result only in disadvantage to all in the end.

In the second place, the Consortium will furnish funds to the Government for both industrial and administrative purposes. If a representative financial Consortium is established for the pur-

pose of placing the credit of China on a sound basis and supporting it thereafter, such Consortium is entitled either itself to be entrusted with all the financing of the Chinese Government or to be kept thoroughly informed in the frankest manner of any financing whatsoever that the Chinese Government may do.

It would be to the interests of the Chinese Government to entrust its financing to this representative group. It would make for confidence, because it would then be known that the public finances of China are carried on in accordance with the methods of all great independent nations. There would be abundant support at fair rates for any enterprise the Chinese Government would desire to undertake or for any governmental needs whatever.

Any interests aiming to enter on the side, if they offer better terms than the Consortium, would desire to recoup themselves by special concessions, and a scramble for special conditions would begin again. A big combination that supports the credit of China is therefore entitled to have an option to undertake financing upon terms offered by others. Undoubtedly under special conditions arrangements could be made even for interests standing outside of the Consortium to do financial business for the Chinese Government, but of all such business the Consortium would have to be frankly and fully informed. Otherwise sound finance is impossible.

The Consortium, including practically all important banks and companies having financial interests in China, would be as responsible as a government.

It would give China the advantage of dealing on a par with the foreign governments whose support it enjoys.

It is inconceivable for such a combination to pursue aims tending to the division or weakening of the Chinese Government, as it would ask for no local concessions, and the localization of foreign influence in China would be avoided.

In the public responsibility of this great combination lies the complete safeguard of China, assuring her not only of fair dealing but of protection against anything that would permanently injure or weaken the Chinese Government.

In the fourth place, far from seeking to dominate Chinese administration or to create a foreign service to be superimposed over the Chinese personnel, the action of the Consortium will be based solely upon the principle that *the creditor is entitled to security*.

The best security which a Government can give is good administration.

The Consortium is therefore entitled primarily to two things: First, the establishment of complete public accountability, and, second, the establishment of a Civil Service based upon ascertained ability and honesty with safeguards for the tenure of efficient officials.

The arrangement for these reforms will be made by the Chinese Government as a sovereign act necessary to give the Chinese Government the efficiency required in modern times. Without this efficiency the Chinese Government cannot be sovereign in any true sense.

The foreign creditors on their part are entitled to the guarantee that these reforms made by the Chinese Government will actually be carried out. Their representatives are, therefore, entitled to full information as to every part of public finance, which in fact the Chinese public itself is entitled to, as is the public of any free state. The representatives of the creditors must, therefore, be given every opportunity for examining and testing the accounts as to accuracy and correspondence with the national budget. If it is found that certain officials and branches of the public service have not carried out the will of the State in applying the law of the budget or have rendered dishonest accounts, a specific remedy must be immediately provided by the Chinese Government.

The efficiency of the Civil Service depends upon security of tenure for those who perform their work honestly—dismissal being only for cause, but being certain when cause exists—and upon payment of adequate salary so as to avoid the temptation of corruption. The foreign creditors are entitled to have the Civil Service managed in this way.

It will thus be seen that the essential securities are in the interest of the Chinese people even more than in the interest of the foreign creditors.

The Present State of China's Finances

Foreign critics are prone to declare that China is financially hopeless because of her recurrent financial troubles and the piling up of foreign and domestic debts, losing sight of the fact that the financial troubles are really ephemeral in character as they are the outcome of her political troubles, and will disappear as soon as she sets her house in order. The sudden Revolution of 1911, which had as its chief purpose the overthrow of the Manchu rule, found the great masses of the Chinese people unprepared for the operation of a democratic government, with the result that the military autocrats could with impunity exploit the country for selfish ends without encountering resistance from the people. It is, therefore, this tolerant attitude of the masses which is really the basic cause of so much political upheaval, bringing in its train the recurrent financial troubles. The recent students' movement, which spread like wild fire throughout the country without any habitual differentiation between the south or the north, has a deeper issue than the registering of a national protest against the decision of the Peace Conference in handing to Japan the former German leasehold of Kiaochow and the economic rights of Shantung. This nation-wide movement is the first outburst of the people's voice protesting in no uncertain tone against the corrupt mandarin type of the existing government. The great masses, including the students—the future leaders of the nation—and the artisan and merchant classes—the backbone of the people—are now alive to the issues which will make or unmake their country, and have now resolved to assert themselves in demonstrating how matters of government should be transacted, and as was said in a Reuter's telegram from Peking of June 10, "it is not likely that they will allow politics to fall back into the old rut." Once the people come into their own, it is reasonable to expect that the recurrent disturbances characterising the militaristic rule of the past few years will be ended and financial troubles will in due course disappear.

As regards the piling up of debts, it is quite true that China borrowed heavily during 1917 and 1918, but it is also true that China has been paying off enormous amounts of her debts which are sufficient to offset her fresh borrowings. This fact explains why in the present year, China's national debt is still less than \$5 per capita, as was the case in 1914, five years ago. China's national debt is rather small when compared with other nations, while her resources are immense, and so there should be no need to entertain any fear of China's insolvency.

While the general financial constitution of China as a nation may be regarded as robust and able to withstand many a storm, the financial administration as undertaken by the present weak Government is far from being satisfactory. The preponderance of military expenditure, together with the bad management of finances in general, brings the Central Government face to face with an impossible situation. The Government is now trying hard to drag on its existence without the necessary funds, leaving behind a trail of huge deficits. The Government has been plunged so deep into financial predicament that it is unable to find money to tide over the period between now and the reconciliation between the North and the South. Time and again foreign financiers have been approached for loans, but foreign financiers insist on lending money only after reconciliation. The Government holds the view that if immediate assistance is not given, it will be impossible to maintain peace and order, and disasters will come in the shape of mutiny of unpaid troops and general unrest in the country, and foreign business interests will suffer along with the Chinese. The exigency of the situation may eventually make the financiers accede to the requests of the Government to give the much needed financial assistance.

In view of the probability of a fresh loan for reorganization purposes being given to the Chinese Government in the near

future by the newly formed Quadruple Consortium, it will be of interest to examine the extent of China's indebtedness.

China's national indebtedness may be conveniently divided into four groups, as follows:—

- (1) General loans including the Boxer Indemnity.
- (2) Short Term Debts.
- (3) Domestic Loans.
- (4) Railway Loans.

We give below the latest available tables showing the details of each of the above groups of debts as incurred by the Central Government, leaving out loans made by Provincial officials, and for which the Central Government is not responsible:—

General Loans and Boxer Indemnity

1895 4 per cent. Gold Loan: Borrowed, July 6, 1895. Amount, Francs 400,000,000. Creditor, Russo-French Syndicate. Net price, 94½ per cent. Interest, 4 per cent. Date of Repayment and Interest Payment: Principal 20 days before July 1. Interest 20 days before January and July 1. Term, 36 years. Overdue Interest, Nil. Overdue Principal, Nil. *Outstanding Principal, Francs 211,243,899.* Security, Bond issue as per loan agreement. Details *re* Security, Customs Revenue and Customs Bonds.

1896 5 per cent. Gold Loan: Borrowed, March 23, 1896. Amount, £16,000,000. Creditor, Anglo-German Syndicate. Net Price, 94 per cent. Interest, 5 per cent. Date of Repayment and Interest Payment, on the 20th of each month. Term, 36 years. Overdue Interest, Nil. Overdue Principal, Nil. *Outstanding Principal, £9,164,523.* Security, Bond issue as per loan agreement. Details *re* Security, Customs Revenue and Customs Bonds.

1898 4½ per cent. Gold Loan: Borrowed, March 1, 1898. Amount, £16,000,000. Creditor, Anglo-German Syndicate. Net Price, 93 per cent. Interest, 4½ per cent. Date of Repayment and Interest Payment, on the 5th of each month. Term, 45 years. Overdue Interest, Nil. Overdue Principal, Nil. *Outstanding Principal, £12,107,099.* Security, Bond issue as per loan agreement. Details *re* Security, Customs Revenue and Customs Bonds.

Crisp Loan: Borrowed, August 30, 1912. Amount, £10,000,000 (only £5,000,000 paid). Creditor, C. Birch Crisp & Co., London. Net Price, 89 per cent. Interest, 5 per cent. Date of Repayment and Interest Payment, Principal semi-yearly from eleventh year, interest twelve days before end of March and September. Term, 40 years. Overdue Interest, Nil. Overdue Principal, Nil. *Outstanding Principal, £5,000,000.* Purpose of Loan, Repayment of other loans; reorganization of Administration, and industrial development. Security, Bond issue as per loan agreement. Details *re* Security, Salt revenue, except already pledged, amounting to Tls. 23,510,000.

Reorganization Loan: Borrowed, April 26, 1913. Amount, £25,000,000. Creditor, Five Nation Bank Groups. Net Price, 84 per cent. Interest, 5 per cent. Date of Repayment and Interest Payment, Principal, monthly from eleventh year, Interest, fourteen days before the end of each month. Term, 47 years. Overdue Interest, Nil. Overdue Principal, Nil. *Outstanding Principal, £25,000,000.* Purpose of Loan, Repayment of loans, disbandment of troops, Administrative expenses, reorganization of salt system. Security, Bond issue as per loan agreement. Details *re* Security, All Salt Revenue, except that already pledged with preferred claim.

Anglo-Chinese Loan: Borrowed, February 14, 1914. Amount, £375,000. Creditor, British and Chinese Corporation. Net Price, 91 per cent. Interest, 6 per cent. Date of Repayment and Interest Payment, Principal, yearly from eleventh year. Interest, fourteen days before February 20 and August 20. Term, 20 years. Overdue Interest, Nil. Overdue Principal, Nil. *Outstanding Principal*, £375,000. Purpose, Repayment of loans to Okura & Co., borrowed by Kiangsu Province and Nanking Government. Security, Bond issue as per loan agreement. Details *re* Security, Surplus Revenue of Peking-Mukden Railway.

Industrial Loan: Borrowed, October 9, 1913. Amount, Francs 150,000,000 (only Francs 100,000,000 paid). Creditor, Banque Industrielle de Chine. Net Price, 82 per cent. Interest, 5 per cent. Date of Repayment and Interest Payment, Principal, Twice a year from sixteenth year. Interest, fourteen days before March 1 and September 1. Term, 50 years. *Overdue Interest*, Francs 20,000,000. Renewed with Treasury Bills to be repaid in instalments from December 1919. *Overdue Principal*, Nil. *Outstanding Principal*, Francs 100,000,000 (Francs 41,020,000 being deposited in the Banque Industrielle de Chine, Paris, for Pukow Port Improvement). Purpose of Loan, Improvement of Pukow Port and Industrial Development. Security, Bond issue as per loan agreement. Details *re* Security. If receipts from works and industries are insufficient the Wine and Spirits taxes in the provinces North of the Yangtze are ear-marked as supplementary security.

Ching-yu Advance: Borrowed, May 16, 1914. Amount, Francs 100,000,000 (only Francs 32,115,500 delivered). Creditor, Banque Industrielle de Chine. Net Price, 89½ per cent. Interest, 5 per cent. Date of Repayment and Interest Payment, Principal, yearly on May 1. Interest on May 1 and November 1. Term, five years. *Overdue Interest*, Francs 541,402.91. Renewed with Treasury Bills to be repaid May, 1919. *Overdue Principal*, Francs 10,416,666. Renewed with Treasury Bills to be repaid May 1, 1920 and 1921. *Outstanding Principal*, Francs 6,423,100. Purpose, Construction of Ching-yu Railway, Security, Treasury Bills. Details *re* Security, First mortgage on Tobacco Tax.

Ko-ah Loan: Borrowed, September 9, 1916. Amount, Y.5,000,000. Creditor, Ko-ah (Hsinya) Company. Net Price, 94 per cent. Interest, 6 per cent. Date of Repayment and Interest Payment, Principal from September of third year. Interest on March 9 and September 9. Term, 3 years. *Overdue Interest*, Nil. *Overdue Principal*, Nil. *Outstanding Principal*, Y.5,000,000. Purpose of loan, Industrial Development. Security, By agreement.

Chicago Bank Loan: Borrowed, November 10, 1916. Amount, Gold \$5,000,000. Creditor, Continental and Commercial Bank of Chicago. Net price, 91 per cent. Interest, 6 per cent. Date of Repayment and Interest Payment, Principal from November of third year. Interest ten days before May 1 and November 1. Term, three years. *Overdue Interest*, Nil. *Overdue Principal*, Nil. *Outstanding Principal*, Gold \$5,000,000. Purpose of loan, Industrial Development. Security, Treasury Bills issued per loan agreement. Details *re* Security, Preferred claim, and directly secured upon the total amount of public sales charges of Tobacco and Wine.

Supplementary Reorganization Loan, First Advance: Borrowed, September 1, 1917. Amount, Y.10,000,000. Creditor, Yokohama Specie Bank on behalf of International Group Banks. Interest, 7 per cent. Date of Repayment and Interest Payment, Interest paid one year in advance. Term, One year and renewed one year. *Overdue Interest*, Nil. *Overdue Principal*, Y.1,000,000, repaid monthly from Salt Administration Surplus during renewed period. *Outstanding Principal*, Y.5,000,000. Purpose, Repayment to Bank of China. Security, Treasury Bill issue per loan agreement. Details *re* Security, Total of Salt Revenue Receipts except those already pledged for previous loans.

Supplementary Reorganization Loan, Second Advance: Borrowed, January 6, 1918. Amount, Y.10,000,000. Creditor, Yokohama Specie Bank on behalf of International Group Banks.

Interest, 7 per cent. Date of Repayment and Interest Payment, Interest paid first year in advance. Term, One year and renewed one year. *Overdue Interest*, Nil. *Overdue Principal*, Y. 2,000,000, repaid monthly from Salt Surplus during period of renewal. *Outstanding Principal*, Y.10,000,000. Purpose of loan, Repayments to Bank of China. Security, Treasury Bill issue per loan agreement. Details *re* Security, Total of Salt Revenue Receipts except those already pledged for previous loans.

Supplementary Reorganization Loan, Third Advance: Borrowed, July 10, 1918. Amount, Y.10,000,000. Creditor, Yokohama Specie Bank on behalf of International Banking Group. Interest, 7 per cent. Date of Repayment and Interest Payment, Interest paid first year in advance. Term, one year. *Overdue Interest*, Nil. *Overdue Principal*, Nil. *Outstanding Principal*, Y.10,000,000. Purpose of Loan, Repayments to Bank of China. Security, Treasury Bill issue per loan agreement. Details *re* Security, Total of Salt Revenue Receipts except those already pledged for previous loans.

Kirin Mining and Forest Loan: Borrowed, August 1, 1918. Amount, Y.30,000,000. Creditor, Japanese Banking Group. Interest, 7½ per cent. Date of Repayment and Interest Payment, Interest Semi-yearly before January 14 and July 14. Term, Ten years. *Overdue Interest*, Nil. *Overdue Principal*, Nil. *Outstanding Principal*, Y. 30,000,000. Purpose of loan, Development of mines and forests of Kirin and Heilungkiang. Security, By agreement. Details of Security, Kirin and Heilungkiang mines and forests and the receipts therefrom.

War Participation Loan: Borrowed, September 20, 1918. Amount, Y.20,000,000. Creditor, Japanese Banking Group. Interest, 7 per cent. Date of Repayment and Interest Payment, Interest paid one year in advance. Term, one year. *Overdue Interest*, Nil. *Overdue Principal*, Nil. Purpose of loan, To provide expenses of participation in the War by China. Security, Treasury Bill issue per loan agreement.

Telegraph Loan: Borrowed, April, 1918. Amount, Y.20,000,000. Term, five years. Entire loan to be extinguished on April 10, 1923. The China Exchange Bank acts as Agent. Interest, 8 per cent. per annum. Secured on profits and property of Telegraph Administration. Repayments of principal and payments of interest due January 14 and July 14. This loan was made by the Ministry of Communications. The Ministry of Finance, however, took over Y.15,000,000 and holds itself responsible for the repayment.

Ki-wei Railway Loan: Amount, Y.10,000,000. Agent, China Exchange Bank. Interest, 7.5 per cent. Secured on Government Treasury Bills. Term unfixed, being renewable half-yearly. For construction of railway from Kirin to Weining, on border of Korea.

Manchurian and Mongolian Railway Loan: Amount, Y.20,000,000. Interest, 8 per cent. Secured on property of railroad. Term, 40 years. Entire loan to be extinguished in 1959. First repayment of principal to be made in 1929.

Tsi-Shun-Kao-Hsu Railway Loan: Amount, Y.20,000,000. Agent, Shinyih Taiwan, and Chosen Banks. Interest, 8 per cent. per annum. Secured on property of railroad. Term, 40 years. Entire loan to be extinguished in 1959. First repayment of principal due in 1929.

Boxer Indemnity: Incurred, October 27, 1900. Amount, Customs' Taels 355,925,565. Creditors, Eleven nations. Interest, 4 per cent. Date of Payment, End of each month. Term, 40 years, and renewed 45 years by the Allies. *Outstanding Principal*, Tls. 323,071,052.56. Security, Customs and Salt Revenues.

TOTALS OF ABOVE LOANS.

| | |
|--------------------------------------|--------------------------|
| Total Overdue Principal and Interest | ... Francs 30,958,068.91 |
| Total Outstanding Principal | ... Gold \$5,000,000.00 |
| | Yen 150,000,000.00 |
| | Francs 317,666,999.00 |
| | £51,646,622 |
| | Hk. Tls. 323,071,952.56 |

Short Term Debts

| Creditor Name | Country | Amount | Outstanding Principal | Rate of Interest | Security | Borrowing Date | Extinction Date |
|--|--------------------|------------------|-----------------------|------------------|---|----------------|-----------------|
| Armstrong Co., Ship Cost Bills | England | £198,883.19.08 | £95,000. 0. 0 | 8% per annum | Treasury Bills | 1910 | Aug., 1919 |
| Yunnan Syndicate, Treasury Bills | England and France | £93,791. 8. 3 | £33,791. 8. 3 | 7% per annum | Treasury Bills | 1909 | Sep., 1918 |
| Samuel Co., Advance | England | K. ¥213,000.00 | K. ¥213,000.00 | 8% per annum | | Feb., 1916 | |
| Hongkong & Shanghai Bank, Commercial Guarantee Bank Bills | England | T. ¥257,750.00 | T. ¥257,750.00 | | Promissory Notes | Feb., 1918 | Sep., 1921 |
| Marconi Wireless Co., Loan | England | £600,000. 0. 0. | £600,000. 0. 0. | 8% per annum | Treasury Bills | Aug., 1918 | Aug., 1926 |
| British Flagship Indemnity, Chungking | England | Chuan ¥65,815.15 | Chuan ¥28,615.15 | | Treasury Bills | Jan., 1918 | June, 1918 |
| Russo-Asiatic Bank, Lunghua Tannery | Russia | \$1,446,444.60 | \$270,000.00 | 7% per annum | Treasury Bills | 1912 | Nov., 1919 |
| Russo-Asiatic Bank, Education Ministry Loan | Russia | K. ¥300,000.00 | K. ¥200,000.00 | 7½% per month | | Dec., 1915 | Aug., 1919 |
| Russo-Asiatic Bank, Commercial Guarantee Bank Bills | Russia | T. ¥509,542.50 | T. ¥499,125.00 | 8% per annum | Promissory Notes | Feb., 1918 | Sep., 1921 |
| Russo-Asiatic Bank, Board of Audit Building Loan | Russia | K. ¥120,000.00 | K. ¥120,000.00 | 8% per annum | | May, 1916 | Nov., 1918 |
| Russo-Asiatic Bank, Students Abroad Loan | Russia | K. ¥113,500.00 | K. ¥56,500.00 | 8% per annum | Treasury Bills | Mar., 1917 | July, 1919 |
| Russo-Asiatic Bank, Education Ministry Loan | Russia | K. ¥150,000.00 | K. ¥150,000.00 | 5% per month | Dividend of Russo-Asiatic Bank | Sep., 1918 | Sep., 1919 |
| Standard Oil Co., Payment | U.S.A. | \$543,703.89 | \$60,617.34 | 6% per annum | Treasury Bills | Mar., 1917 | Feb., 1919 |
| American International Corporation, Conservancy Advance | U.S.A. | G. \$250,000.00 | G. \$250,000.00 | 8% per annum | Treasury Bills | May, 1918 | May, 1919 |
| International Banking Corporation, Students Abroad Advance | U.S.A. | G. \$30,000.00 | G. \$30,000.00 | 8% per annum | | Dec., 1918 | Mar., 1919 |
| Banque Belge pour l'Etranger, Treasury Bills | Belgium | Sh. ¥677,580.85 | Sh. ¥327,580.85 | 7% per annum | Treasury Bills | Jan., 1917 | Dec., 1917 |
| Banque Belge pour l'Etranger, Students Abroad Loan | Belgium | £37,097. 1. 3. | £6,675.13.11. | 8% per annum | | June, 1916 | Mar., 1919 |
| Credit Foncier D'Extreme-Orient, Education Ministry Loan | Belgium | \$200,000.00 | \$200,000.00 | 9% per annum | | 1916 | 1936 |
| Ansaldo Ship Works, Cost Bills | Italy | £88,000. 0. 0. | 79,500. 0. 0. | | | 1910 | |
| Kuhara Co., Advance | Japan | \$300,000.00 | \$300,000.00 | 5% per month | | Jan., 1919 | |
| Banque Industrielle de Chine | France | Fr. 4,300,000.00 | Fr. 4,300,000.00 | 5% per month | Treasury Bills | 1919 | May, 1925 |
| Eight Banks, Repatriation Loan | 6 Nations | \$500,000.00 | \$500,000.00 | 8% per annum | Salt Surplus | Jan., 1919 | Dec., 1919 |
| Tai-hei Co., Ammunitions Bills | Japan | Y. 1,821,760.00 | Y. 302,609.19 | 7% per annum | Tobacco & Wine License Tax & Treasury Bills | 1911 | Sep., 1919 |
| Mitsui Bussan Kaisha, Ammunitions Bills | Japan | \$1,935,331.00 | \$1,188,416.75 | 7% per annum | Tobacco & Wine License Tax & Treasury Bills | 1912 | Nov., 1920 |
| Mitsui Bussan Kaisha, Nanking Government Loan | Japan | Y. 2,000,000.00 | Y. 1,505,250.00 | 7% per annum | Tobacco & Wine License Tax & Treasury Bills | Feb., 1912 | Apr., 1920 |
| Okura Co., Commercial Guarantee Bank Bills | Japan | T. ¥1,136,398.52 | T. ¥1,100,177.40 | 8% per annum | Promissory Notes | Feb., 1918 | Aug., 1919 |
| Yokohama Specie Bank, Students Abroad Loan | Japan | Y. 100,000.00 | Y. 100,000.00 | 7% per annum | | Apr., 1916 | Oct., 1919 |
| Yokohama Specie Bank, Students Abroad Loan | Japan | Y. 100,000.00 | Y. 100,000.00 | 7% per annum | | Nov., 1917 | Nov., 1919 |
| Sino-Japanese Industrial Co., Loan | Japan | Y. 2,000,000.00 | Y. 2,000,000.00 | 7% per annum | Building & Machinery of Hankow Paper Mill | Nov., 1916 | Nov., 1919 |
| Japanese Bank Group, Flood Loan | Japan | Y. 5,000,000.00 | Y. 5,000,000.00 | 7% per annum | Annual Revenues of \$900,000 of Lintsin, To-lung-tung and Shia-hu-kow | Nov., 1917 | Nov., 1919 |
| Mitsui Bussan Kaisha, Loan | Japan | Y. 2,000,000.00 | Y. 2,000,000.00 | 8% per annum | Property of Bureau of Engraving & Printing | Jan., 1918 | Jan., 1921 |
| Chosen Bank, Students Abroad Loan | Japan | Y. 150,000.00 | Y. 150,000.00 | Market Price | | July, 1918 | July, 1919 |
| Chosen Bank, Students Abroad Loan | Japan | Y. 150,000.00 | Y. 150,000.00 | Market Price | | Sep., 1918 | Sep., 1919 |
| Chosen Bank, Students Abroad Loan | Japan | Y. 200,000.00 | Y. 200,000.00 | Market Price | | Dec., 1918 | Dec., 1919 |
| Tai-hei Co., 1st Ammunition Loan | Japan | Y. 17,395,817.05 | Y. 17,395,817.05 | | Treasury Bills | Sep., 1918 | Feb., 1920 |
| Tai-hei Co., 2nd Ammunition Loan | Japan | Y. 12,520,000.00 | Y. 12,520,000.00 | | Treasury Bills | Oct., 1918 | Jan., 1920 |
| Banque Industrielle de Chine, Chin-yu Advance Promissory Notes | France | Fr. 7,217,094.75 | F. 3,093,040.59 | 7% per annum | Promissory Notes | May, 1918 | Apr., 1919 |
| Banque Industrielle de Chine, Commercial Guarantee Bank Bills | France | T. ¥801,184.06 | T. ¥801,184.06 | | Promissory Notes | Feb., 1918 | June, 1926 |
| Banque Industrielle de Chine, Ministry of Agriculture Loan | France | \$120,000.00 | \$120,000.00 | 7½% per month | | June, 1916 | Mar., 1919 |
| Banque Industrielle de Chine, Students Abroad Advance | France | £10,000. 0. 0. | £10,000. 0. 0 | 9½% per annum | Promissory Notes | Apr., 1918 | Apr., 1919 |
| Banque Industrielle de Chine, Pukow Loan Interest | France | Fr. 601,308.16 | Fr. 601,308.16 | 7% per annum | Promissory Notes | Dec., 1918 | June, 1919 |
| Banque Industrielle de Chine, Capital | France | Fr. 3,750,000.00 | Fr. 3,750,000.00 | 7% per annum | Treasury Bills | Feb., 1918 | May, 1922 |
| Banque Industrielle de Chine, Loan | France | Fr. 5,000,000.00 | Fr. 5,000,000.00 | 9% per annum | Promissory Notes | Jan., 1919 | Dec., 1919 |
| Banque Industrielle de Chine, Supplementary Loan | France | Fr. 5,000,000.00 | Fr. 5,000,000.00 | 9% per annum | Promissory Notes | Jan., 1919 | Dec., 1919 |
| Lunghai Railway Loan Interest | France | Fr. 1,700,000.00 | Fr. 1,700,000.00 | | | Jan., 1919 | Mar., 1919 |
| Banque de L'Indo-Chine, Tsu Kai-cha Debt, Principal and Interest | France | Sh. ¥99,735.34 | Sh. ¥99,735.34 | 12% per annum | Salt Surplus | Jan., 1919 | July, 1919 |

Table of Domestic Loans

| Name of Loans | Amount | Purpose | Outstanding Amount | In-terest | Security | Borrowing Date | Date of Extinction |
|-------------------------------|---------------|---|--------------------|-----------|--|----------------|--------------------|
| Patriotic Loan ... | \$ 30,000,000 | For Treasury ... | \$ 656,790 | 6% | Treasury Funds | Nov., 1911 | 30, Nov., 1920 |
| 8% Military Loan ... | \$100,000,000 | For Military ... | \$ 3,371,150 | 8% | Land Taxes | Feb., 1912 | Feb., 1918 |
| 1st Year 6% Loan ... | \$200,000,000 | Increase capital of China Bank, redeem short term loans and reorganize paper currency | \$31,401,870 | 6% | Title Deeds Tax and Stamp Tax | Dec., 1913 | Dec., 1943 |
| 3rd Year Loan ... | \$ 24,926,110 | For Treasury ... | \$22,177,765 | 6% | 4th unpledged portion of P. H. Railway | Aug., 1914 | Dec., 1925 |
| 4th Year Loan ... | \$ 25,829,965 | For Treasury ... | \$21,946,875 | 6% | Unpledged portion of native customs, revenues of Kalgan and Suiyuan native customs and likin of whole province of Shansi | April, 1915 | Feb., 1923 |
| 5th Year Loan ... | \$ 7,770,515 | For Treasury ... | \$ 7,770,515 | 6% | Revenues of Tobacco and Wine Monopoly | March, 1916 | March, 1920 |
| 7th Year Short Term Loan ... | \$ 38,400,000 | Reimbursement of Government's indebtedness to China Bank and Bank of Communication | \$38,400,000 | 6% | Deferred indemnity | May, 1918 | Dec., 1922 |
| 7th Year 6% Internal Loan ... | \$ 45,000,000 | Reimbursement of Government's indebtedness to China Bank and Bank of Communication | \$45,000,000 | 6% | Revenues of ex-50 li native customs and monthly released salt surplus | May, 1918 | Dec., 1937 |

Table of Railway Loans

| Name of Loans | Amount Borrowed | Term | Rate of int. p. a. | Amount repaid | Amount outstanding | Annual repayment of principal | Annual interest |
|---|-----------------|-----------|---------------------------|---------------|--------------------|-------------------------------|-----------------|
| Peking-Mukden Railway Loan ... | £2,300,000 | 1905-1944 | 5% | £632,500 | £1,667,500 | £57,500 | £83,375 |
| Chen-tai Railway Loan ... | Fr. 40,000,000 | 1913-1932 | 5% | Fr. 3,812,500 | Fr. 36,187,500 | Fr. 1,402,500 | Fr. 1,809,375 |
| Shanghai-Nanking Railway Loan ... | £2,900,000 | 1929-1953 | 5% | | £2,900,000 | | £145,000 |
| Shanghai-Nanking Railway Land Buying Loan ... | £150,000 | 1919-1923 | 6% | | £150,000 | | £9,000 |
| Tao-Tsing Railway Loan ... | £800,000 | 1916-1935 | 5% | | £800,000 | £24,200 | £39,395 |
| Canton-Kowloon Railway Loan ... | £1,500,000 | 1919-1937 | 5% | | £1,500,000 | | £75,000 |
| Tientsin-Pukow Railway Loan ... | £5,000,000 | 1919-1938 | 5% | | £5,000,000 | | £250,000 |
| Tientsin-Pukow Railway Supplementary Loan ... | £3,000,000 | 1921-1940 | 5% | | £3,000,000 | | £150,000 |
| Shanghai-Hangchow-Ningpo Railway Loan ... | £1,500,000 | 1918-1938 | 5% before 1933 after 1934 | | £1,500,000 | | £75,000 |
| Chen-shing Industrial Loan ... | £5,000,000 | 1919-1938 | 5% | | £5,000,000 | | £250,000 |
| Kirin-Changchun Railway Loan ... | Y.2,150,000 | 1915-1934 | 5% | Y.107,500.00 | Y.2,042,500 | Y.107,500.00 | Y.100,781.25 |
| Sing-Feng Railway Loan ... | Y.320,000 | 1910-1927 | 5% | Y.106,666.64 | Y.213,333.36 | Y.17,777.78 | Y.10,444.44 |
| Yokohama Specie Bank Loan ... | Y.10,000,000 | 1922-1936 | 5% | | Y.10,000,000 | | Y.500,000 |
| Hankow-Canton-Szechuan Railway Loan ... | £6,000,000 | 1921-1951 | 5% | | £6,000,000 | | £300,000 |
| Pien-Lo Railway Loan ... | Fr. 41,000,000 | 1915-1934 | 5% | | Fr. 41,000,000 | | Fr. 2,050,000 |
| Canton-Hankow Railway Redemption Loan ... | £1,100,000 | 1906-1915 | 4½% | £1,100,000 | Nil | | |
| Lung-Hai Railway Loan ... | £4,000,000 | 1923-1953 | 5% | | £4,000,000 | | £200,000 |

An examination of the above loan details will show that the debts are in various currencies, and owing to fluctuation of exchange, it is impossible to give the precise amount of indebtedness. Roughly the total indebtedness of China, as incurred by the Central Government, amounts to about \$1,750,000,000 Chinese currency, which has been accumulated during the past twenty-five years. Probably on the reconciliation between the north and the south, the new Banking Consortium will give another Reorganization Loan to China equivalent to say \$250,000,000, thus bringing the total indebtedness of China to \$2,000,000,000, making \$5 per capita, China's population being proverbially four hundred million.

Up to the present, the securities for foreign loans consist of the Customs revenue, the salt revenue, and the tobacco and wine revenue. A study of the development of these revenues shows that all of them have before them excellent prospects of increase.

The Taxes

The Customs revenue has been in use for many years in meeting services of war loans and indemnity. Owing to the increasing collections and favorable exchange, it has been able

to take on services of loans originally pledged on the salt revenue, such as the Reorganization Loan of 1913. Over and above the loan payments, the Customs revenue has in recent years yielded to the Government handsome sums in releases of surplus revenue. The surplus revenue for the year 1917 amounted to about \$12,000,000, and for the year 1918, about \$13,000,000. Both of these sums have been released to the Government and used for administrative purposes. Up to May 31, 1919, after meeting all obligations and services of loans pledged against the revenue, there is a surplus amounting to \$6,825,000. The Government has made arrangements with the Diplomatic Corps in Peking for the release of \$4,500,000 leaving the balance of \$2,325,000 to the Customs as a reserve fund.

The total collections of the Maritime Customs in 1918 amounted to \$54,006,000. According to the new Budget, the collection for the eighth fiscal year is estimated at \$75,612,907. The revised tariff schedule, fixed by the Tariff Revision Commission which met at Shanghai in 1918, having been agreed to by all the important treaty nations, will come into force on August 1, 1919, and it is expected that the Customs revenue will then be increased by about \$8,000,000. China, through her Delegates to the Paris Peace Conference, has asked for an increase in the tariff rate, and, according to a telegram from Mr. Lu Tseng-hsiang, received

in Peking on June 18, the proposal is receiving the favorable consideration of the friendly Powers, who express their readiness to assist China in this matter. With this assurance, the Chinese Government intends to prepare for the abolition of likin as a prelude to an increased tariff, and the increase in Customs revenue will more than offset the loss of likin receipts.

In addition to the Maritime Customs, the Native Customs are also a promising source of revenue. The Native Customs, under the Inspector-General of Customs, collected in 1918 a revenue of about \$6,000,000, showing a big increase over the collections of the previous year. Together with the Native Customs not under the Inspector-General, the total revenue amounted to about \$9,000,000. The Native Customs revenue has now been assigned as security for the Internal Loans of 1914, 1915 and 1918.

Holding equal rank with the Customs revenue is the salt revenue, which has been steadily increasing ever since Sir Richard

Dane took in hand the reorganization of the salt service. The Customs revenue is largely used for meeting loan services, and for use as administrative funds; and the Chinese Government has found the salt revenue to be a most valuable source of income. Every month it gives to the Government a sum ranging from \$3,000,000 to \$5,000,000 in the form of surplus releases. The releases to the Government have been of an upward tendency as follows:—\$52,226,185.48 for 1916, \$68,613,370.22 for 1917, and \$71,761,154.30 for 1918. This upward tendency is interesting in that it shows the salt revenue as being amply able to bear the service of another loan even bigger in amount than the previous Reorganization Loan of 1913, and after meeting both loan services, will still yield a surplus for administrative purposes of the Government. We reproduce below a Table showing the receipts and expenditures of the salt revenue during the three previous years.

Salt Revenue Deposited in and Withdrawn from the Group Banks During the Three Years 1916, 1917 and 1918

| Deposits. | 1916 | 1917 | 1918 |
|--|-----------------|-----------------|-----------------|
| Balance at 1st January: | | | |
| In Group Banks | \$24,326,066.59 | \$18,593,717.82 | \$17,983,391.93 |
| In transit between Group Banks | 59,124.63 | 950,086.85 | 382,211.29 |
| Proceeds of Salt Revenue | 72,440,559.89 | 70,627,249.62 | 71,589,603.85 |
| Interest credited by Group Banks | 279,042.37 | 258,903.42 | 217,747.09 |
| Chinese Indemnity of 1901—Part of 1916 Contributions refunded by Maritime Customs | | 5,474,502.50 | 2,737,251.25 |
| Chinese Government 5 per cent. Gold Reorganization Loan Coupon Instalment refunded by Maritime Customs | | | 8,259.69 |
| Miscellaneous Withdrawals refunded | | 24,544.88 | |
| Total Dollars | \$97,104,793.48 | \$95,929,005.09 | \$92,918,465.10 |
| Withdrawals. | | | |
| Charges and obligations secured on Salt Revenue: | | | |
| (1) Anglo-German Loan of 1898 | \$10,071,371.07 | | |
| (2) Chinese Indemnity of 1901 | 150,509.78 | \$50,048.01 | |
| (3) Hupeh Provincial Bonds of 1909 | 725,973.90 | 725,973.89 | |
| (4) Chili Provincial Bonds of 1910 | 2,383,368.74 | 1,740,887.61 | \$1,413,325.21 |
| (5) Chinese Government 5 per cent. Gold Crisp Loan of 1912 | 11,580,681.91 | 5,620,392.54 | |
| (6) Chinese Government 5 per cent. Gold Reorganization Loan of 1913 | | 376,094.13 | |
| (7) Hukuang Railway Loan of 1911 | | | 2,760,050.84 |
| (8) Japanese Group Advances of 1917 and 1918 | | | \$4,173,376.05 |
| Total Dollars | \$24,911,905.40 | \$8,513,396.18 | \$71,761,154.30 |
| Releases to Government | \$52,226,185.48 | \$68,613,370.22 | \$71,761,154.30 |
| Transfer Charges and Loss by Exchange | 375,170.27 | 436,635.47 | 671,817.46 |
| Miscellaneous Withdrawals | 47,727.66 | | 15,697.02 |
| Balance at 31st December: | | | |
| In Group Banks | \$18,593,717.82 | \$17,983,391.93 | \$16,226,448.74 |
| In transit between Group Banks | 950,086.85 | 382,211.29 | 69,971.53 |
| Total Dollars | \$97,104,793.48 | \$95,929,005.09 | \$92,918,465.10 |

There is no doubt that with further improvement in the service, the salt revenue will increase considerably. During the past two years, the salt revenue in the southern provinces such as Szechuan, Yunnan, Kweichow, Kwangtung and Kwangsi has been seized by the Military Government of the South. With reconciliation effected, this portion of the salt revenue, which amounts to quite a big sum, will be added to the total revenue, and the total revenue will then certainly be over \$100,000,000. The estimate of salt revenue receipts for the new fiscal year based on present calculations is \$91,686,026.

The tobacco and wine revenues are also assuming greater importance every year as a substantial and dependable source of income. Mr. Chang Shou-lin, the Director-General of the Tobacco and Wine Administration, is now planning for a thorough reform with the aim of raising his service to a status equal to the Maritime Customs and the Salt Administration. At present the revenues amount to \$30,000,000 per annum. The amount is small for two reasons, firstly the service has not yet been reorganized and secondly, the foreign merchants do not pay the public sale duty as the Chinese merchants do. The Chinese Government intends to negotiate with the treaty nations for the levying of public sale duty on imported tobacco and wine on the same basis as Chinese goods, in addition to the 5 per cent. import duty, which is ridiculously low for such goods of the luxury class as tobacco and wine. If the treaty nations will agree, as they should, to this reasonable demand of China, the tobacco and wine revenues will be greatly increased, and it is quite possible that China in a few years' time will get \$60,000,000 per annum from this source.

Of the new taxes, the stamp tax is the most promising. It

was inaugurated in 1913, the receipts for that year being \$57,882. In the second year, the receipts were increased nine times, the figure for 1914 being \$443,491.69. The revenue jumped to \$2,526,461.43 in 1917 and \$2,557,165.27 in 1918. According to the new Budget, the receipts for the Eighth fiscal year will be \$6,132,000. The existence of extraterritoriality has interfered with the collection of this tax, as the Stamp Tax Act is not observed by the merchants in the treaty ports, where the great bulk of the Chinese trade is handled. The Chinese Government has asked the treaty nations to co-operate in the enforcement of the Stamp Tax Act in the treaty ports. All the Allied nations, except one, have acceded to China's request, and as soon as the remaining nation expresses its agreement, the stamp tax will be enforced in the treaty ports. It is understood that the enforcement will only affect Chinese merchants, and is not to be extended to foreign merchants. Even with this restriction, it is estimated that China will get an increase in stamp tax collections of \$6,000,000 per annum.

Domestic Loans

It would be interesting to trace the history of domestic loans in China. The first attempt was made in the 24th Year of Kuang Hsü, of the late Tsing Dynasty, in 1895, and the loan was given the name of "Chao-Sin-Ku-Piao," or Credit Bond Issue. This loan amounting to Tls. 100,000,000 was intended for the purpose of meeting the payment of the indemnity to Japan. The attempt was unsuccessful; only a small portion of the loan was issued, and finally the Tsing Court had to contract the Anglo-German

Loans in order to meet the indemnity payment. The so-called credit-bonds had no credit at all, for the amortisation and interest payments arrangements were not carried out. The loan proceeds were looked upon by the Imperial Court as the voluntary contributions of its loyal subjects, who in turn expected returns for their investments in the form of official ranks denoted by red buttons and peacock feathers. By referring to the Table of Internal Loans, it will be seen that several domestic issues were made during the years 1911-1913. The Patriotic Loan was issued by the Tsing Court at the height of the 1911 Revolution and the proceeds were used to preserve order in Peking and vicinity. The 8 per cent. Military Loan was issued by the Nanking Provisional Government under Dr. Chen Chin-tao as Minister of Finance. The First Year 6 per cent. National Loan was issued by the Provisional Republican Government at Peking under the late President Yuan Shih-kai. All of these three loans were partially subscribed.

The proceeds of the Reorganization Loan of 1913 enabled the Government to tide over the years 1913 and 1914. In the summer of 1914, negotiations were made with the Quintuple Consortium in Peking for a second Reorganization Loan. The loan negotiations were cut short by the news of the outbreak of the European War in August, 1914. President Yuan Shih-kai saw at once that he was cut off from foreign money, and made strenuous effort to tap the financial resources within the country. Accordingly on August 10, 1914, the National Loan Bureau was organized with Mr. Liang Shih-yi as Comptroller General. Mr. Liang Shih-yi sought the co-operation of the Inspector-General of Customs and several banking experts in Peking, and the flotation of the Third Year Loan was carried out in a business-like manner with the unexpected result that the loan was oversubscribed within three months. The Government under Yuan Shih-kai at that time was a strong one and Peking's influence was felt in all the provinces. This fact contributed materially to the success of the loan. In 1915, the Fourth Year Loan was floated under similar circumstances and was also successful.

The experiment was repeated in 1916, but it was not successful owing to the people's opposition to Yuan Shih-kai's monarchical movement. No domestic loan was issued in 1917.

Two domestic loans were issued in 1918 known respectively as the Seventh Year Short Term Bond Issue for \$48,000,000, and the 6 per cent. Internal Loan of 1918 for \$45,000,000, the former secured on the deferred indemnity and the latter secured on a second charge of Native Customs placed under the control of the Inspector-General of Customs. Usually the Government issues loans in order to get money, but not a cent of the proceeds from these loans are touched by the Government, for they were issued for the double purpose of paying off certain of the Government's debts amounting to the huge sum of \$93,000,000 during the last few years, and of recalling the inconvertible Peking notes of the Bank of China and Bank of Communications for cancellation. These two loans are issued at par against Peking notes, and the subscribers are given bonds of both issues in equal portions. Up to the present, \$80,000,000 of the bonds have been sold, and there remain \$13,000,000 of bonds which may still be bought with Peking notes at the Bank of China or the Bank of Communications.

One redeeming feature of the Chinese financial situation is that the Government has all along, even during times of great stress, done its best to pay off its debts. Besides paying off foreign debts at an average rate of \$120,000,000 per annum, the repayments of domestic loans have been quite considerable. Coupon payments on each of the domestic issues have been uniformly regular and punctual, and, during the past decade, not a single case of delay in coupon payments has occurred. Drawings for redemption have also been frequent, there being on the average three or four drawings each year for redemption of domestic loans. Up to the present, sixty-three coupon payments have been made amounting to \$31,500,725.55 and twelve drawings have been held, amounting to \$28,690,435, totalling \$60,211,160.55. A table showing the details of coupon payments and redemptions is given below.

Coupon Payments and Bond Redemptions Made by the Government

| Name of Loan | No. of Coup. | Coup. Payment | No. of Repayment | Redemption | Total Amount |
|------------------------------|--------------|---------------|------------------|---------------|---------------|
| 8% Military Loan ... | 14 | 2,700,000.00 | 3 | 4,000,000.00 | 6,700,000.00 |
| 6% First Year Loan ... | 11 | 5,675,000.00 | nil | nil | 5,675,000.00 |
| Patriotic Loan ... | 15 | 627,353.65 | 3 | 990,000.00 | 1,617,353.65 |
| Third Year Loan ... | 9 | 7,230,292.00 | 2 | 5,417,345.00 | 12,647,637.00 |
| Fourth Year Loan ... | 8 | 6,086,292.65 | 1 | 3,883,090.00 | 9,989,382.65 |
| Fifth Year Loan ... | 5 | 955,787.25 | nil | nil | 955,787.25 |
| 7th Year Short Term Loan ... | 3 | 4,176,000.00 | 3 | 14,400,000.00 | 18,576,000.00 |
| 7th Year Long Term Loan ... | 3 | 4,050,000.00 | nil | nil | 4,050,000.00 |
| | 68 | 31,500,725.55 | 12 | 28,690,435.00 | 60,211,160.55 |

The Government is in greater financial difficulties than ever in the present year, and Mr. Kung Hsin-tsan, the Minister of Finance, proposes the issue of the Eighth Year Loan for \$200,000,000, to cover the deficit of the current fiscal year. The bill for this new domestic issue was submitted to the Parliament on June 11 together with the new Budget. We will discuss this Eighth Year Loan after an examination of the new Budget.

The New Budget

The new Budget covering the coming fiscal year from July 1, 1919 to June 30, 1920, was submitted to Parliament on June 11, 1919. There has been no budget for China for three years, the last one being for the year 1916. No budget has been called for owing to the uncertain fate of the Parliament. The new budget is compiled after five months' labour on the part of the Ministry of Finance under Mr. Kung Hsin-tsan, who worked in the belief that the Internal Peace Conference would successfully complete its task in time for the operation of the new Budget. The prospect of reconciliation between the north and the south seems, however, to be as far away as ever and nobody can tell what will be the fate of the new Budget. We give below a summary of the Budget.

The Budget for the Eighth Fiscal Year

RECEIPTS.

Ordinary Revenue.

| | | |
|--|--------------|--------------|
| Art. 1. Land Revenue : | | |
| a. Land Tax ... | \$65,812,362 | |
| b. Government Grain or its Commutation ... | 17,658,076 | |
| c. Lease Tax ... | 1,971,357 | |
| d. Miscellaneous Taxes on Land ... | 1,643,499 | \$87,085,294 |
| Art. 2. Customs Revenue : | | |
| a. Maritime Customs ... | \$58,798,179 | |
| b. Native Customs Receipts collected through Customs Commissioners ... | 5,650,288 | |
| c. Other Receipts by the Maritime Customs ... | 1,493,182 | |
| d. Native Customs ... | 9,593,228 | |
| e. Receipts by the Chinese Superintendent of Customs ... | 158,030 | \$75,612,907 |
| Art. 3. Salt Revenue : | | |
| a. Salt Tax ... | \$85,189,090 | |
| b. Profit of Government Transportation ... | 5,465,661 | |
| c. Miscellaneous Receipts ... | 1,031,275 | \$91,686,026 |
| Art. 4. Taxes on Commodities : | | |
| a. Tax on Commodities ... | \$21,876,081 | |
| b. Likin ... | 11,402,574 | |
| c. Tax on Goods of All Descriptions ... | 5,759,051 | \$39,037,706 |
| Art. 5. Direct and Miscellaneous Taxes : | | |
| a. Registration of Title-Deeds ... | \$11,292,765 | |
| b. License (Wholesale Agencies) ... | 1,360,749 | |
| c. Pawnshops ... | 693,738 | |
| d. Living Stocks ... | 1,071,527 | |
| e. Butchery ... | 3,041,186 | |
| f. Mining Enterprises ... | 1,264,352 | |
| g. Tea ... | 1,941,462 | |
| h. Sugar ... | 725,834 | |
| i. Fishery ... | 197,193 | |
| j. Timber ... | 222,164 | |
| k. Parcel Tax ... | 19,000 | |
| l. Miscellaneous ... | 3,002,424 | \$24,832,394 |

| | | | | |
|---|-----|-----|-------------|---------------|
| Art. 6. Direct and Miscellaneous Additional Taxes : | | | | |
| a. Merchandise | ... | ... | \$285,279 | |
| b. Tea | ... | ... | 432,987 | |
| c. Boats | ... | ... | 46,069 | |
| d. Miscellaneous | ... | ... | 3,568,206 | \$4,332,541 |
| Art. 7. Revenues from Government Properties and Enterprises : | | | | |
| a. Profits of Government Shares | ... | ... | \$841,235 | |
| b. Profits of Government Bureaux and Works | ... | ... | 1,552,136 | |
| c. Receipts from the Lease of Government Land and Houses | ... | ... | 17,997 | \$2,411,368 |
| Art. 8. Miscellaneous Receipts from the Provinces : | | | | |
| a. Income from Civil Administration | ... | ... | \$223,296 | |
| b. Income from Financial Administration | ... | ... | 2,404,902 | |
| c. Income from Judicial Administration | ... | ... | 1,653,873 | |
| d. Income from Educational Administration | ... | ... | 147,790 | |
| e. Income from Administration of Industrial Undertakings | ... | ... | 840 | |
| f. Proceeds realized from Government Funds | ... | ... | 849,425 | |
| g. Miscellaneous Receipts | ... | ... | 887,046 | \$6,167,172 |
| Art. 9. Receipts by the Different Offices of the Central Government : | | | | |
| a. The Ministry for Foreign Affairs | ... | ... | \$70,915 | |
| b. The Ministry of Interior | ... | ... | 87,346 | |
| c. The Ministry of Finance | ... | ... | 822,383 | |
| d. The Ministry of Navy | ... | ... | 7,416 | |
| e. The Ministry of Justice | ... | ... | 62,500 | |
| f. The Ministry of Education | ... | ... | 286,378 | |
| g. The Ministry of Agriculture and Commerce | ... | ... | 227,460 | |
| h. The Ministry of Communications | ... | ... | 81,696 | |
| i. The Bureau of Engraving and Printing | ... | ... | 108,000 | |
| j. Labor Immigration Bureau | ... | ... | 150,000 | \$1,904,094 |
| Art. 10. Direct Receipts by the Central Government : | | | | |
| a. Stamp Tax | ... | ... | \$6,132,000 | |
| b. Income from Tobacco and Wine Monopoly | ... | ... | 14,514,992 | |
| c. Additional Tax on Tobacco and Wine | ... | ... | 13,758,784 | |
| d. License for Sale of Tobacco and Wine | ... | ... | 2,244,077 | |
| e. Additional License (Wholesale Agencies) | ... | ... | 1,290,692 | |
| f. Additional Tax on Title-Deeds | ... | ... | 3,628,080 | |
| g. Mining Enterprises Tax | ... | ... | 729,027 | |
| h. Tax on Butchery | ... | ... | 390,000 | |
| i. Tax on Living Stocks | ... | ... | 50,000 | \$42,737,652 |
| Total of Ordinary Revenue | ... | ... | | \$375,807,154 |

Extraordinary Revenue

| | | | | |
|--|-----|-----|-------------|-------------|
| Art. 1. Land Revenue : | | | | |
| a. Miscellaneous Taxes | ... | ... | \$1,285,694 | |
| b. Surtax | ... | ... | 4,835,409 | \$6,121,103 |
| Art. 2. Customs Revenue : | | | | |
| a. Maritime Customs | ... | ... | \$587,559 | |
| b. Native Customs Receipts collected through Customs Commissioners | ... | ... | 59,295 | |
| c. Native Customs | ... | ... | 22,927 | |
| d. Receipts by the Chinese Superintendent | ... | ... | 25,968 | \$695,749 |
| Art. 3. Taxes on Commodities : | | | | |
| a. Fines | ... | ... | \$26,685 | \$26,685 |
| Art. 4. Direct and Miscellaneous Additional Taxes : | | | | |
| a. Tax for Military Expenditure... | ... | ... | \$3,911,410 | \$3,911,410 |
| Art. 5. Revenue from Government Properties and Enterprises : | | | | |
| a. Profits of Government Bureaux and Works | ... | ... | \$31,522 | \$31,522 |
| Art. 6. Miscellaneous Receipts from the Provinces : | | | | |
| a. Income from Financial Administration | ... | ... | \$4,105 | |
| b. Income from Educational Administration | ... | ... | 2,500 | |
| c. Income from Administration of Industrial Undertakings | ... | ... | 37,204 | |
| d. Proceeds realized from Government Funds | ... | ... | 12,631 | |
| e. Fines | ... | ... | 185,237 | |
| f. Miscellaneous Receipts | ... | ... | 51,360 | \$293,037 |

| | | | | |
|--|-----|-----|--------------|---------------|
| Art. 7. Receipts by the Different Offices of the Central Government : | | | | |
| a. The Ministry of Education | ... | ... | \$4,600 | |
| b. The Ministry of Communications | ... | ... | 3,938 | |
| c. The Bureau of Engraving and Printing | ... | ... | 36,100 | \$44,638 |
| Art. 8. Direct Receipts by the Central Government : | | | | |
| a. Proceeds realized from the Government Properties in the Provinces and Special Territories | ... | ... | \$12,129,410 | |
| b. Income on Newly Reclaimed Land | ... | ... | 6,000,000 | |
| c. Miscellaneous Receipts | ... | ... | 100,000 | \$18,229,410 |
| Art. 9. Loans : | | | | |
| a. Boxer Indemnity refunded by America | ... | ... | \$1,580,392 | |
| b. Internal Loans | ... | ... | 200,000,000 | \$201,580,392 |
| Art. 10. Annual Deficit : | | | | |
| a. Annual Deficit to be made up by Loans from Banks | ... | ... | \$38,710,687 | \$38,710,687 |
| Art. 11. Increase of Police Collections : | | | | |
| a. Police Collections in the Different Provinces | ... | ... | \$2,240,000 | \$2,240,000 |
| Total of Extraordinary Revenue | ... | ... | | \$271,884,633 |
| Grand Total (Ordinary and Extraordinary Revenues) | ... | ... | | \$647,691,787 |

EXPENDITURES.

Ordinary Expenditure.

| | | | | |
|--|-----|-----|--------------|---------------|
| Art. 1. Expenditure for Government Organs : | | | | |
| a. Expenditure for the Different Offices of the Central Government | ... | ... | \$24,238,599 | \$24,238,599 |
| Art. 2. Expenditure for Diplomatic Services : | | | | |
| a. Expenditure Incurred by the Central Government | ... | ... | \$4,103,428 | |
| b. Expenditure Incurred by the Different Provinces | ... | ... | 792,228 | \$4,895,656 |
| Art. 3. Expenditure for Home Affairs : | | | | |
| a. Expenditure Incurred by the Central Government | ... | ... | \$4,806,882 | |
| b. Expenditure Incurred by the Different Provinces | ... | ... | 39,749,922 | \$44,556,804 |
| Art. 4. Expenditure for Financial Administration : | | | | |
| a. Expenditure Incurred by the Central Government | ... | ... | \$31,284,207 | |
| b. Expenditure Incurred by the Different Provinces | ... | ... | 10,115,930 | \$41,400,137 |
| Art. 5. Military Expenditure : | | | | |
| a. Expenditure Incurred by the Central Government | ... | ... | \$63,765,336 | |
| b. Expenditure Incurred by the Different Provinces | ... | ... | 87,301,045 | \$151,066,381 |
| Art. 6. Naval Expenditure : | | | | |
| a. Expenditure Incurred by the Central Government | ... | ... | \$10,051,288 | |
| b. Expenditure Incurred by the Different Provinces | ... | ... | 551,186 | \$10,602,474 |
| Art. 7. Judicial Expenditure : | | | | |
| a. Expenditure Incurred by the Central Government | ... | ... | \$1,841,191 | |
| b. Expenditure Incurred by the Different Provinces | ... | ... | 8,505,933 | \$10,347,124 |
| Art. 8. Educational Expenditure : | | | | |
| a. Expenditure Incurred by the Central Government | ... | ... | 3,388,612 | |
| b. Expenditure Incurred by the Different Provinces | ... | ... | 2,813,453 | \$6,202,065 |
| Art. 9. Industrial Expenditure : | | | | |
| a. Expenditure Incurred by the Central Government | ... | ... | \$1,603,920 | |
| b. Expenditure Incurred by the Different Provinces | ... | ... | 1,771,250 | \$3,375,170 |

| | | | |
|--|-------------|---------------|--|
| Art. 10. Expenditure for Communications : | | | |
| a. Expenditure Incurred by the Central Government | \$1,373,747 | | |
| b. Expenditure Incurred by the Different Provinces | 575,328 | \$1,949,075 | |
| Art. 11. Expenditure for Mongolian and Tibetan Affairs : | | | |
| a. Expenditure Incurred by the Central Government | \$1,109,915 | | |
| b. Expenditure Incurred by the Different Provinces | 208,827 | \$1,318,742 | |
| Total of Ordinary Expenditure | | \$299,952,227 | |

Extraordinary Expenditure.

| | | | |
|--|---------------|---------------|--|
| Art. 1. Expenditure for Government Organs : | | | |
| a. Expenditure for the Different Offices of the Central Government | \$2,044,012 | \$2,044,012 | |
| Art. 2. Expenditure for Diplomatic Services : | | | |
| a. Expenditure Incurred by the Central Government | \$1,280,106 | | |
| b. Expenditure Incurred by the Different Provinces | 44,449 | \$1,324,555 | |
| Art. 3. Expenditure for Home Affairs : | | | |
| a. Expenditure Incurred by the Central Government | \$1,365,642 | | |
| b. Expenditure Incurred by the Different Provinces | 2,068,915 | \$2,434,557 | |
| Art. 4. Expenditure for Financial Administration : | | | |
| a. Expenditure Incurred by the Central Government | \$14,019,511 | | |
| b. Expenditure Incurred by the Different Provinces | 1,362,786 | \$15,382,297 | |
| Art. 5. Military Expenditure : | | | |
| a. Expenditure Incurred by the Central Government | \$1,984,485 | | |
| b. Expenditure Incurred by the Different Provinces | 2,932,542 | \$4,917,027 | |
| Art. 6. Naval Expenditure : | | | |
| a. Expenditure Incurred by the Different Provinces | \$65,024 | \$65,024 | |
| Art. 7. Judicial Expenditure : | | | |
| a. Expenditure Incurred by the Central Government | \$62,500 | | |
| b. Expenditure Incurred by the Different Provinces | 6,852 | \$69,352 | |
| Art. 8. Educational Expenditure : | | | |
| a. Expenditure Incurred by the Central Government | \$382,281 | | |
| b. Expenditure Incurred by the Different Provinces | 179,172 | \$561,453 | |
| Art. 9. Industrial Expenditure : | | | |
| a. Expenditure Incurred by the Central Government | \$380,327 | | |
| b. Expenditure Incurred by the Different Provinces | 1,920 | \$382,247 | |
| Art. 10. Expenditure for Communications : | | | |
| a. Expenditure Incurred by the Central Government | \$174,894 | | |
| b. Expenditure Incurred by the Different Provinces | 14,290 | \$189,194 | |
| Art. 11. Expenditure for Mongolia and Tibetan Affairs : | | | |
| a. Expenditure Incurred by the Central Government | \$50,000 | \$50,000 | |
| Art. 12. Refund to Loans : | | | |
| a. Refund to Loans | \$214,631,176 | \$214,631,176 | |
| Total of Extraordinary Expenditure | | \$243,050,884 | |
| Grand Total (Ordinary and Extraordinary Expenditure) | | \$543,003,111 | |

Special Expenditure.

| | | | |
|--|-------------|---------------|--|
| Art. 1. Special Military Expenditure : | | | |
| a. Expenditure Incurred by the Central Government | 74,437,743 | | |
| b. Expenditure Incurred by the Different Provinces | 28,010,933 | \$102,448,676 | |
| Art. 2. Expenditure for the Extension of Police : | | | |
| a. Expenditure for the Extension of Police in the Different Provinces... | \$2,240,000 | \$2,240,000 | |
| Total of Special Expenditure | | \$104,688,676 | |
| Grand Total (Ordinary, Extraordinary and Special Expenditure) | | \$647,691,787 | |

The above Budget as a whole is perhaps the best compilation possible under the difficult circumstances due to the continued political unrest in the country. However, many members of the Parliament at Peking hold the view that the Budget is open to criticism in many respects and some parts of it are unworkable, and that even the financial authorities who compiled the Budget do not expect that it could come into effective operation. In fact none of the five regular Budgets which China has had during the past decade has been operative, and no Budget can be effective in China until the financial administrative system is thoroughly unified, and the provincial officials cease to take law into their own hands in financial or other matters.

It is not the compilation itself that is at fault. The Budget now before us simply shows the symptoms of the diseases of the present administration. In the receipts column, we find such impossible items as the Eighth Year Loan for \$200,000,000 which would never be taken up by the people, and loans from banks to the amount of \$38,710,687, for which there is no definite scheme. In fact, these two items are introduced merely as a device to fill up the deficit in the Budget, which is \$238,710,687. It is supposed that the Central Government has control of all the receipts, but the truth is, the Government controls only the customs and salt revenues, the stamp, tobacco and wine taxes, the title-deed and a few other direct taxes, totalling \$212,701,066 while the provincial authorities control all other revenues amounting to \$194,694,642.

In the expenditure column, we find the abnormal preponderance of military expenses amounting to \$258,432,084, being 40 per cent. of the total expenditure. The administrative expenditure for the whole country amounts to \$174,628,527, being 27 per cent. of the total expenditure. Repayment of foreign and domestic loans takes \$214,631,176, being 33 per cent. of the total expenditure. The educational expenses only come to 1 per cent., and the industrial expenses to $\frac{3}{4}$ per cent. If there are 40,000,000 students in China, the Government only spends 15 cents on each student during a whole year, while forty times the educational expense is spent on the troops.

Such abnormal conditions in the administrative system should be remedied without delay. The Central Government, through the Internal Peace Delegate, Mr. Chu Chi-chien as spokesman, has declared its policy of remedying the abnormal conditions, but the remedial measures can only be carried out after the reconciliation of the north and the south, which is not yet in sight. Meanwhile the Government must carry on its functions and maintain peace and order in the country, but what can the Government do with an empty treasury? The foreign financiers having announced their "wait and see" policy, the Government has no alternative but to issue a new Domestic Loan for \$200,000,000 to tide over the transitional period.

Most of the M.P.'s declare that the Eighth Year Loan should not be issued because it is impractical. The loan is for \$200,000,000, secured on the land tax, to be repaid in 20 years, with interest at 7 per cent. per annum, the issue price being 90. The bill for the loan is now in the hands of the Financial Committee of the House of Representatives and it is not known whether the House will pass the bill or not. There is a strong inclination on the part of the M.P.'s to reject the bill on the ground that it is impossible to float so big a domestic issue. A compromise may be arrived at by reducing the amount of issue to a suitable figure to be recommended by the Budget Committee. The loan is not welcomed by the people and several Chambers of

Commerce have wired to Peking opposing the matter, pointing out that the capacity of the people to absorb a new issue is limited. The weakness of the Government is another factor which would interfere seriously with the success of the loan.

The Government realizing that it would be useless to expect immediate relief from the Eighth Year Loan, has devised another means of securing funds, namely, the issue of interest-bearing treasury notes to the amount of \$10,000,000. The notes carry interest at 6 per mil per month and can be cashed at maturity which is six months from date of issue. The Bank of China and the Bank of Communications will be appointed agents for handling the treasury notes. The notes will be of two denominations, namely, \$1 and \$5, so as to reach a wider public. The Goods Tax of the Tientsin-Pukow Railway and the Mining Tax have been named as security for the treasury notes. It has also been arranged to set aside \$200,000 monthly from the surplus salt revenue for use as reserve fund for the notes.

The issue of an impossible domestic loan followed by the doubtful scheme of issuing interest bearing treasury notes shows that the Central Government is in desperate financial straits. The truth is that the Government has been carrying on its functions with a huge deficit every month for quite a long period and it is only by resorting to frenzied financial measures that the impossible situation is maintained for so long a period without mishap, but the breaking point is now about to be reached, and if foreign financial assistance is not forthcoming quickly, serious disasters will take place. The foreign financiers should now realize that it is time to act, and act quickly by giving financial assistance and something more. Measures should be devised and carried out to see that whatever money is lent to China is used for intended purposes and not squandered by irresponsible militarists or unscrupulous politicians, for selfish ends to the detriment of China's future, which should be a great one. In the reorganization scheme, disbandment of soldiers should go hand in hand with industrial development. Work like road-building, conservancy, reclamation, railroad construction, etc., requires labor which can be furnished by the disbandment of superfluous troops. The disbanded soldiers will get work, and the country will be richer for the carrying out of the necessary undertakings. Roughly speaking, the huge deficit of the Chinese Government represents the extra expense of keeping the superfluous troops, and once these troops are disbanded, it will be possible for China to make two ends meet, and financial stability will ensue.

From the viewpoint of the Chinese Government, financial assistance is expected in two stages, namely (1) The giving of small advances just sufficient to cover the monthly deficit so as to enable the Government to carry on its normal functions, and (2) the conclusion of loans for disbandment of troops so that the monthly military expenses may be greatly reduced, and for development of industrial enterprises so that China's resources may be augmented. Both purposes will tend to place China's finances on a sound footing. The cutting down of military expenses will wipe off the monthly deficit, and make the two ends meet. The Government will have no more worry over the arrears of military expenditure, and the augmentation of resources will enable the Treasury to allow more liberal appropriations for the Ministries of Education and Commerce, which would be a bright prospect for China.

There is much significance in the first stage of financial assistance as interpreted by the Chinese Government, namely, the temporary giving of small advances *just sufficient to cover the monthly deficit, and not a cent more.* Indeed this temporary relief would serve to tide over the present crisis until the day of definite reorganization, but there is another purpose which is equally important. The Central Government, owing to its weakness, is an easy prey to the military. The military officers, both in the Capital and in the provinces will make persistent demands for funds if they know that the Government has secured a great deal of money from the foreign banks, but they will not be so persistent if they know that the Government is in possession of only a small sum barely sufficient to pass the day. They will then realize that it is useless to expect to extract bread from stone and that after all it would be more profitable to disband a portion of their troops and to reduce expenses in general. The numerous generals and commanders must be forcibly brought to realize the

uselessness of further prolonging their squabbles. President Hsu Shih-chang's Administration has many faults, but this much can be said to its credit, that it has perseveringly adopted the policy of discouraging the inordinate ambitions of the militarists who have been made to realize that their good old days are over and that they had better follow the drift of the times and economise. Once this notion has taken root in the minds of the militarists, the process of shrinking the military bill will begin. As a matter of fact, this shrinking process has already begun. Since the assumption of office by Mr. Kung Hsin-tsan as Minister of Finance, the military has been effectively impressed with the belief that the Government really cannot pay, and Mr. Kung has managed to reduce military expenditure by a million dollars a month.

Upon the assumption of office as Acting Prime Minister, Mr. Kung, in an interview given to foreign correspondents, gave the following survey of the financial situation:—

"The country was faced with a deficit of \$200,000,000, of which more than half was due to military expenditure. I have managed to reduce military expenditures by a million dollars a month, but it was difficult to deal with the commanders of troops whose pay was seriously in arrear. The Eighth Year Domestic Loan is rendered necessary by the financial stringency, and the bonds of this loan were being used to meet domestic liabilities and not being sold to Japanese by the Government. There has also been issued \$10,000,000 in interest-bearing treasury notes, which were being used for the same purpose, being practically equivalent to a short term loan. One reason for the country's heavy indebtedness was the fact that it was so easy to make loans during the past two years. If these loans had not been made, then the expenditure would not have been anything like so great. The Government's present policy was not to borrow money indiscriminately. During the next few years, there would be need for borrowing on the lines of the Reorganization Loan. It would be premature just now to say anything about the Government's attitude to the new Consortium proposals, as the Government officially knew nothing about them: but I am personally of opinion that for *bonâ fide* industrial loans the Chinese Government ought to be fairly free. The Government is sincerely anxious for peace, and would be glad to see military arrears paid off so that the disbandment of troops may commence. The Government does not entertain harsh feelings towards the South. The Government proposes to hand over a substantial portion of the next Customs surplus to the Canton Government so that it can meet administrative expenses, the Southern Government being as badly off financially as the Central Government. Even the military men now want peace, and the agitators who want to continue the civil strife were really very few in number. I believe peace will come quickly."

Another form of financial assistance which China is expecting is the return to China of the Boxer Indemnities by all the countries concerned. The total outstanding amount at present is Haikwan Taels 323,071,052.56, and it would be well for Great Britain, France, Japan, and Italy, and other countries to return to China the Boxer Indemnity and designate the funds for educational purposes, following the example of the United States.

Although the shipbuilding industry in Japan is said to have suffered most by the cessation of hostilities in Europe, the number of dockyards having decreased by fifty per cent. between October 1918 and March 1919, it is reported that plans are afoot for the establishment of a company with a capital of Yen 10,000,000 to establish five docks on Kosaki Island, opposite Itosaki Island. The docks are to be used for repairing work. During the war shipbuilding companies sprang up like mushrooms in Japan, and many suffered after the armistice was made existing ones regard the future with optimism, however, believing that they will find it easier in future to build at a profit. Japanese shipping concerns, though depressed during recent months, look to the signing of peace for great activity, expecting many ships will be required to restore economic conditions in Europe. In connection with new developments it is interesting to note that both the Osaka Shosen Kaisha and the Toyo Kishen Kaisha have opened new services from Hongkong to New Orleans.

Utilisation of Chinese Architectural Design in Modern Buildings.

The Rockefeller Foundation's Hospital Plant at Peking

By GERALD KING.

Since the Revolution, Peking has been getting a little shoddy. There has been a mushroom crop of foreign built houses, mostly in the Comprador style, which have not added either to the beauty or to the dignity of the Capital. But the visitor to Peking can see now a group of buildings which are worthy of Peking's best days under Yung Lo, and which are fine protests against the monstrosities of ugliness which are filling the walls.

The new Rockefeller Foundation building for the Peking Medical College has been designed by Mr. Harry Hussey, of the firm of Hussey and Shattuck. Mr. Hussey has visited the Far East at intervals for the last eight years, and when he was entrusted with the task of submitting designs he came to Peking again to make a special study of conditions on the spot. On his return he recommended that the Chinese style of architecture should be adopted, and this recommendation having been agreed to, he spent the winter of 1916-7 in drawing up his plans.

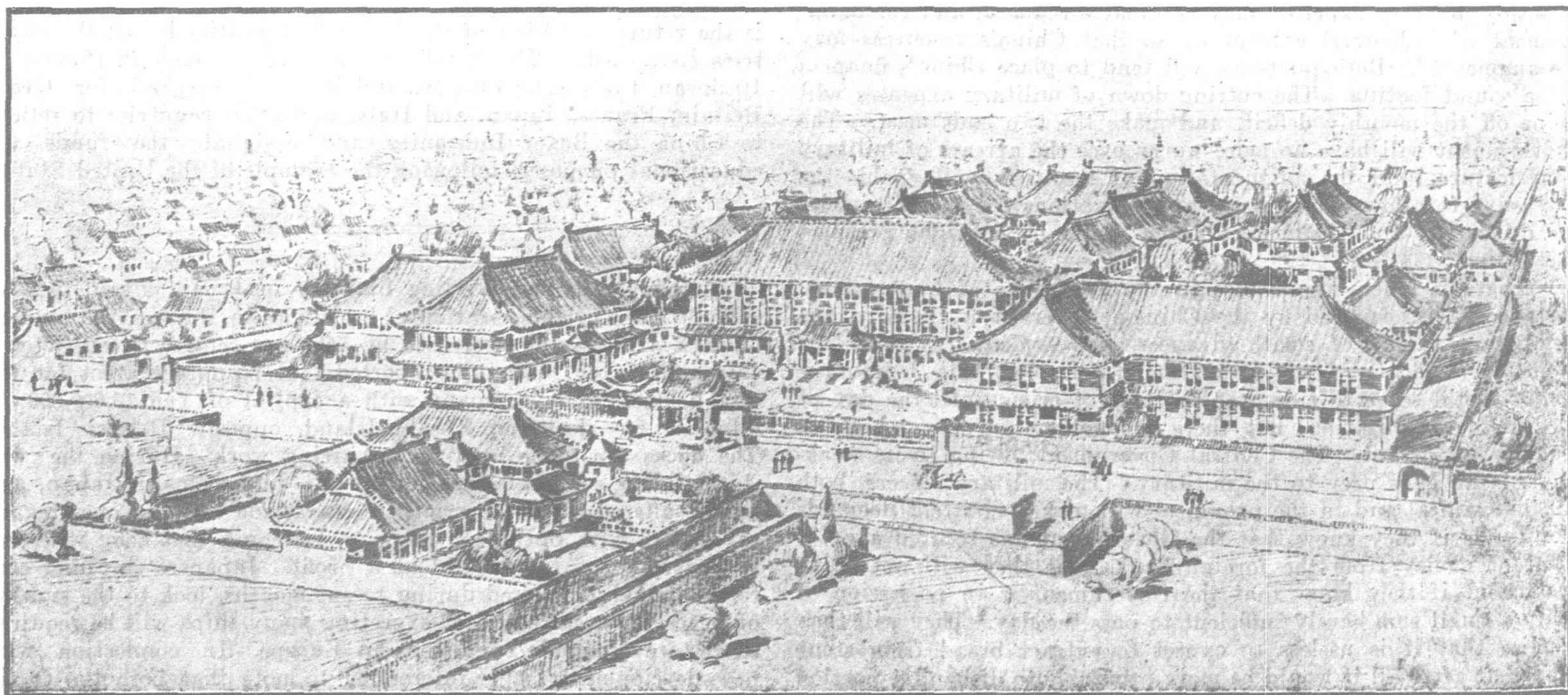
These plans were accepted by the Board, who were assisted by the technical advice of Mr. Coolidge, of the firm of Coolidge and Shattuck, who also came to Peking to make himself thoroughly familiar with local conditions. Work was begun in 1917, and the buildings will be completed early in 1920: a part of them will probably be ready in October.

It has been remarked that the Chinese style of architecture has now been adopted by other countries as their latest pattern. Buildings as constructed by the Chinese consist essentially in a large and heavy roof supported by pillars: the sides are filled in with woodwork, or bricks, or lath and plaster to resist the elements, but they do not carry any weight. This system is actually the precursor of the modern building, where the wooden pillars are replaced by concrete or steel, and where the walls are screens and not supports. This being so, the modifications which

had to be made in the designs for the Rockefeller buildings were mainly of detail. Very few Chinese buildings run to two stories: if they do, the second story is apt to have a somewhat loft-like appearance. Mr. Hussey had to have three or four stories, and had to depend on his skill in arranging his main roof and one supplementary verandah or hood roof round the building to break the plain lines of the square walls and rows of windows. The Ch'ien Mien gate of Peking gives an idea of the robust ugliness of a Chinese building of several stories, though the ugliness is perhaps accentuated by the squatness of the imitation gun ports.

The beauty of a Chinese building lies in the graceful lines of the roofs, and in their sparkling tiles and decorations under the roof eaves. The brilliant roofs of the palaces and temples redeem the squalor and neglect in which the masters of young China keep their capital; but the complete neglect of to-day will have to be paid for to-morrow. We are looking our last on many of the roofs on which grass and weeds are thrusting aside the tiles, and exposing the woodwork to wind and wet: the beautiful painting and gilding is stripping off under the sun and weather, and nothing is ever repaired or renewed. Before the Rockefeller Foundation adopted the Chinese roof, and determined to reproduce it in all its beauty of colour and ornament, there was an excellent chance that it would soon be a thing of the past. But its adoption by an administration which does not neglect its property assures us that for many years to come we shall be able to admire the green tiles flashing in the sun, and wonder at the curiously shaped ridge ends and the eaves with their complement of lions, dogs, and horsemen.

The Rockefeller Foundation made considerable concessions to art as against utility when they decided to have the roof tiled



PERSPECTIVE VIEW OF CHINA MEDICAL BOARD BUILDINGS, LOOKING NORTHWEST

with green glazed tiles, and ornamented with all the complications which Chinese sumptuary laws of the past enjoin. They had to find the family which had in former days supplied the Son of Heaven with tiles: and having found them, in decay, to reinstate them in their former works and enable them to collect their former workmen and artists. All this was not the course which would have been adopted by the rigidly economical utilitarian: but every resident in, or visitor to, Peking will bless the wise expenditure which has brought about such beautiful results. In other parts of the Capital every variety of Western hideousness can be studied in detail, from the simple biscuit box type to the economically pretentious: but here the West has not afflicted the East with a gift from the architectural ash heap, but has formed a group of buildings which need not fear comparison with the Imperial Palace hard by.

The property was formerly the palace and gardens of the Princes of Yu. These princes are descended from the Manchu conquerors of China, but like most of their class showed an inability to adapt themselves to changing circumstances which has resulted in the gradual dispersal of their property. Altogether the Foundation bought about 10 acres of land, and their programme includes complete hospital and teaching establishments side by side. The buildings are designed to house the most modern hospital equipment and facilities. There are four operating theatres, which are equipped with all the most modern scientific devices.

All the buildings are fireproof throughout, and the construction is similar to the best buildings now building in America. The floors and stairs are of flat slab construction for the short spans, and hollow tile with re-inforced concrete beams for the long spans, with the supporting columns and girders of re-inforced concrete. The exterior supporting walls are of brick furred on the inside with hollow tile, while the interior walls are of hollow tile. The footings are of Portland cement laid on under-footings of Chinese lime concrete which averages about eight feet in thickness. The exterior basement walls below this grade are of brick, and are covered with three layers of waterproof building felt, cemented together and to the walls with asphalt. This waterproofing extends through the walls above the footings, and under the basement floors and interiors of all the buildings.

The finished floors of all the buildings except the nurses' home are of vitreous tile, marble, or terrazzo. The floors of the nurses' home are of oak. All the kitchens, serving rooms, bath-rooms, and operating rooms have a glazed tile wainscoting, the remaining walls having a wainscoting of Portland cement. The

walls and ceilings are covered with a hard plaster decorated with a flat oil paint. The interior doors and trim are of oak, with the sashes and other exposed woodwork of teak. The exterior of the building is faced with grey bricks of large size, with a planed and rubbed exposed surface about 4-in. by 18-in. These are laid with a flemish bond with white joint. Most of these bricks came from the old buildings on the property. The exterior trim, balustrades, and steps are of grey marble quarried in the Western hills.

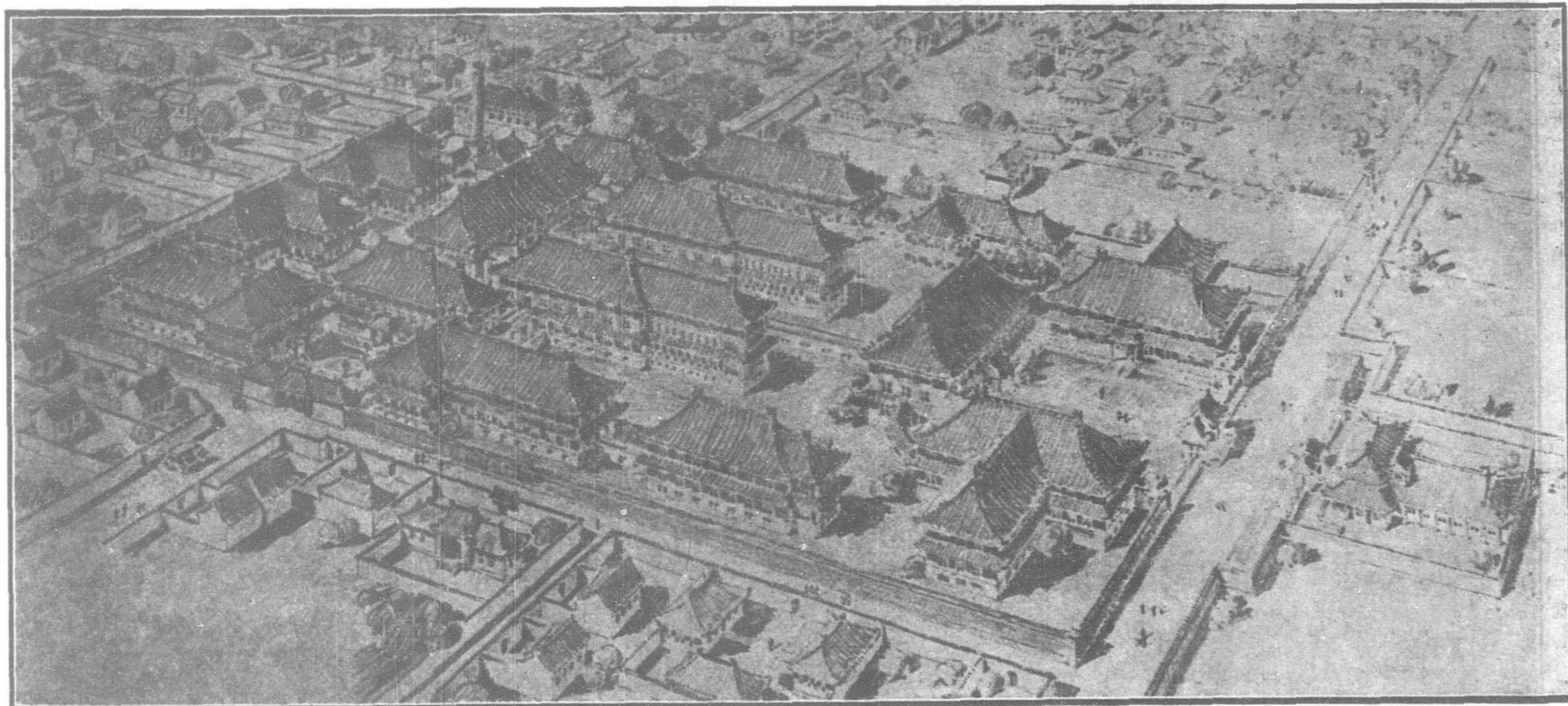
The roof construction is entirely of re-inforced concrete, covered, as we have said already, with a green glazed tile. These are made of fireclay; the exposed surface only is covered with a green glaze the secret of which is jealously guarded in the family of the manufacturers. The exterior concrete columns and beams are painted in colours by Chinese artists in strict accordance with the rules covering the decorations in similar positions on Chinese palaces and large temples.

There is an electric installation for both power and lighting, and to provide forced ventilation to all the buildings. This, together with the steam heating plant, is supplied by a group of four 250 h.p. Babcock and Wilcox boilers. The refrigerating plant can supply the hospital and medical school and also supply about thirty tons of pure ice a day. There are further gas plants to furnish gas to the kitchen ranges, compressed air plants for the hospital and medical school, and a water plant which furnishes the entire foundation from four artesian wells. The buildings are equipped with a modern sewage system, consisting of two septic tanks of the latest design.

There are also under construction thirty-six modern houses for the Faculty of the Medical School and Hospital. These are all modern houses with all conveniences. Practically the entire construction work for all the building has been done by labor employed direct by the owners, and not sub-let by contractors. This method has been very successful, and has resulted in the formation of a large and well organized force of good mechanics. Wherever possible, Chinese engineers and foremen have been used.

The nurses' home is for the accommodation of the nurses employed in the hospital and medical school. It has been designed to give every comfort, and it is hoped that it will assist in raising the status of nurses in the Far East to the level at which it ought to be.

Finally, there will be a private patient ward where patients can obtain, at cost price, the benefit of modern surgeons, and skilled nurses under the most favorable conditions for treatment or operation. This will be of great value to the foreigners in North China.



VIEW OF CHINA MEDICAL BOARD BUILDINGS, LOOKING NORTHWEST

The Chinese Post Office in 1918

Report Discloses Results of Another Successful Year

"Looking to the days to come," according to the Report on the working of the Chinese Post Office in 1918, "and hopeful for the dawn of a new era for China with the removal of the restraints of the Great War and internal strife and unrest, the Administration is inclined to the belief that something of China's greatest postal future is at hand. The Postal Congress will set in motion new machinery for international postal intercourse, while within the domestic sphere the Administration, by new and larger buildings and more modern and extensive equipment, is preparing itself to meet the demand of the times; also, by the progressive substitution of improved for antiquated methods, less productive energies are gradually being diverted to more fruitful fields of endeavour."

Considering the record of progress in 1918, the reader of the Report is inclined to share the optimism of the Administration. The turnover of mail matter posted reached the large total of 302½ millions; and in every branch of the Administration's activities a similar advance is noted. That the Post Office is preparing for the increasing flood of posted matter is shown by the notes on the progress of building and purchase of land. In

Peking an additional wing was constructed in connexion with the existing building of the Directorate General of Posts, and architects have been invited to submit competitive plans for the new Central Post Office, the erection of which will be commenced in 1919. In Harbin a new post office is under construction in the Pristan section, which will temporarily house the Harbin first-class office until the site for a central building in Harbin Newtown is built upon. A district head office and two staff residences are under construction at Tsinanfu and will be occupied in 1919. A building at Chefoo, hitherto rented, has been purchased and will be eventually torn down and replaced by a modern structure. At Nanking a district head office will be constructed, and three residences have been completed. At Canton the Administration has purchased the handsome concrete building built for it by the Maritime Customs and hitherto rented to the postal service. Land has been purchased in Peking, Kalgan, Chengtingfu, Chunliangcheng and Peitaiho Beach, all in the Peking area, for the construction of new offices; and similar purchases have been made at Linchang and Sunghsien, Honan; Sianfu, in Shensi; Kirin, Pamiencheng and Sankiangkow, in Manchuria; Wan-



IN MOUNTAINOUS REGIONS ONLY HUMAN BURDEN-BEARERS CAN NEGOTIATE THE RUDE PATHS WHICH ARE THE ONLY MEANS OF COMMUNICATION. HERE A CARAVAN OF BEARER COOLIES ARE TRANSPORTING HEAVY MAILS ON THE CHUNGKING-CHENG TU OVERLAND TRAIL, IN SZECHUAN

hsien, in Szechuan province; Changsha, in Hunan; Anking, in Anhwei; Wenchow, in Chekiang; and at Mengtze, in Yunnan.

Comparing 1918 with the preceding year, articles of mail matter posted have increased by 24 millions, and articles collected from letter-boxes, box-offices and pillar-boxes by 7 millions. The value of money orders issued reached the total of \$35,335,800 as compared with \$21,523,300 in 1917; yet the increase in the value of money orders issued is more marked when compared with the previous years—the 1915 figures, for example, being but \$13,552,300. The C. O. D. system applied to parcels has continued to increase. Collections in 1918 were \$134,200 as compared with \$86,600 in 1917. When this feature of the postal service becomes more widely known in commercial circles, the mail order business in China should hold great possibilities for both importers and exporters. That the Chinese already appreciate the value of the parcels post is proven by the encouraging figures of parcels handled—2,738,090 packages valued at \$40,109,700. These figures show an increase of approximately 100,000 in number over 1917—and although this increase is slight it is satisfactory when it is remembered that during the period under review several heavy trunk lines were held up and in some cases were totally suspended for weeks at a time, during the political unrest which brought about civil war, lawlessness and widespread brigandage. When it is remembered that the overland postal lines total 449,000 *li* and the steamer, boat and railway connections combined amount to only 90,000 *li*, it is remarkable that losses were so little and lines held open with such regularity as to bring about an increase in the parcels handled.



SOLITARY COURIERS CARRY MAIL OVER INLAND TRACKS THAT FORM THE GREATEST PORTION OF THE POSTAL ROUTES. THIS SHANSI COURIER IS OFF FOR HIS REGULAR MARCH OVER HILLY AND WOODED TERRITORY WITH A LIGHT BURDEN OF POSTAL MATTER

A Post Office Savings Bank was put into operation on July 1; savings stamps of a value as low as 5 cents can be purchased, and the low denominations and the facilities offered will make it easy for the poorest Chinese to own a bank account.

A continuous new overland courier line—the longest in the world—of 10,125 *li* or approximately 3,375 miles—now connects Kalgan by way of Mongolia with Tihwafu, the capital of Sinkiang (Chinese Turkestan). For some months past a foreign employee of the postal service has been travelling in Mongolia, bringing the inhabitants of wide and little-known regions into contact with the world through the agency of the post. The achievement rivals that of the promised postal service by aeroplane which is to link up important cities in China during the current year.

Prior to 1915, annual deficits on working results were the rule with the postal service. In 1914 the deficit was nearly a

hundred thousand dollars; but in 1915 a surplus of \$302,592 appeared in the fiscal statements, and since that year a surplus has been the rule. In 1918, with revenue at \$9,500,000 and working expenses (excluding capital expenditure) at \$7,590,000, the surplus was \$1,910,000, which did not include \$112,000 applied to meet loss on the working of Chinese Turkestan, part of which is

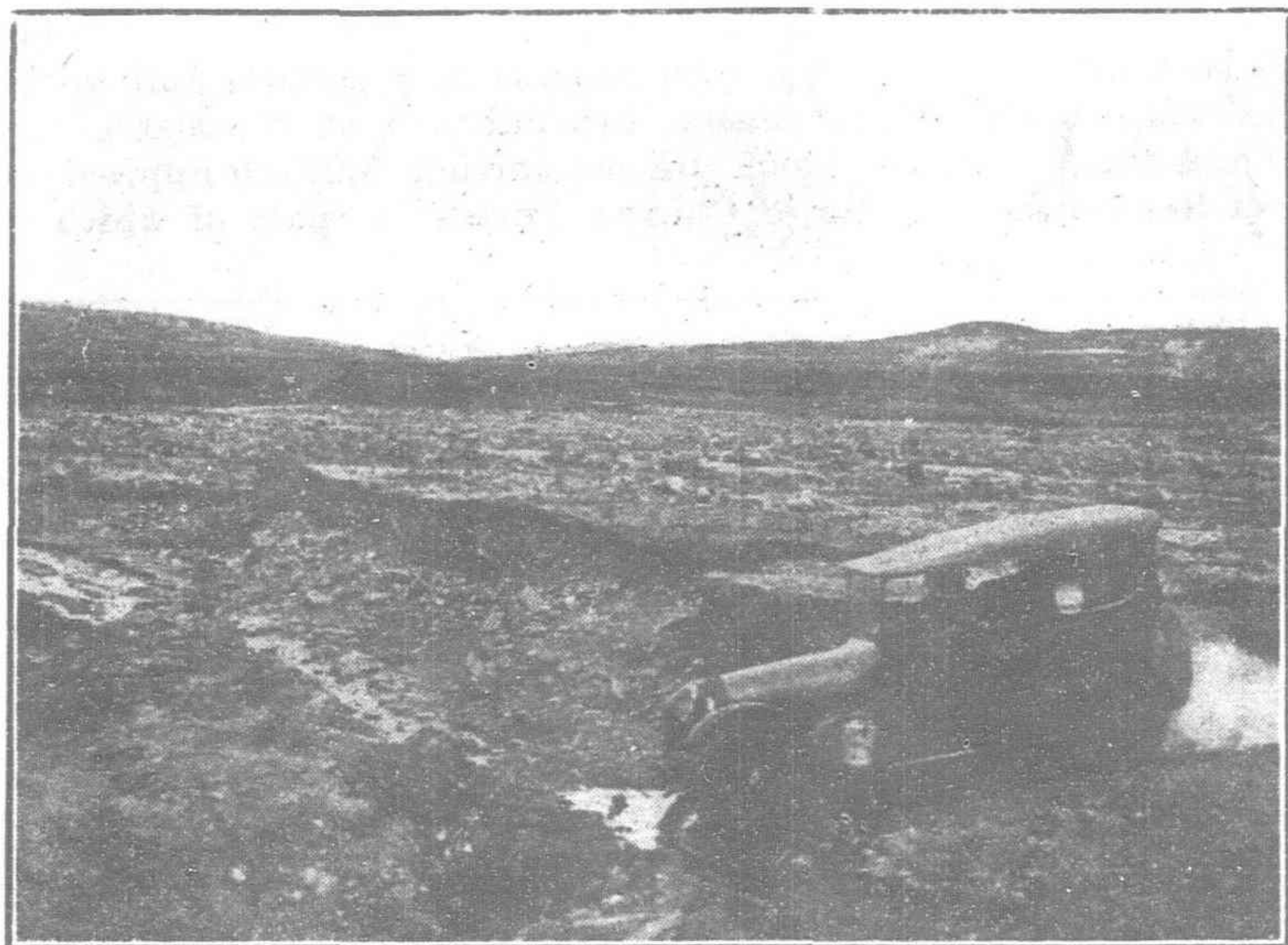


HORSES ARE USED WHEN THEY ARE AVAILABLE IN REGIONS WHERE ROADS ARE PROVIDED. IN THIS SCENE, IN SHENSI, PACK ANIMALS ARE CONVEYING HEAVY MAILS

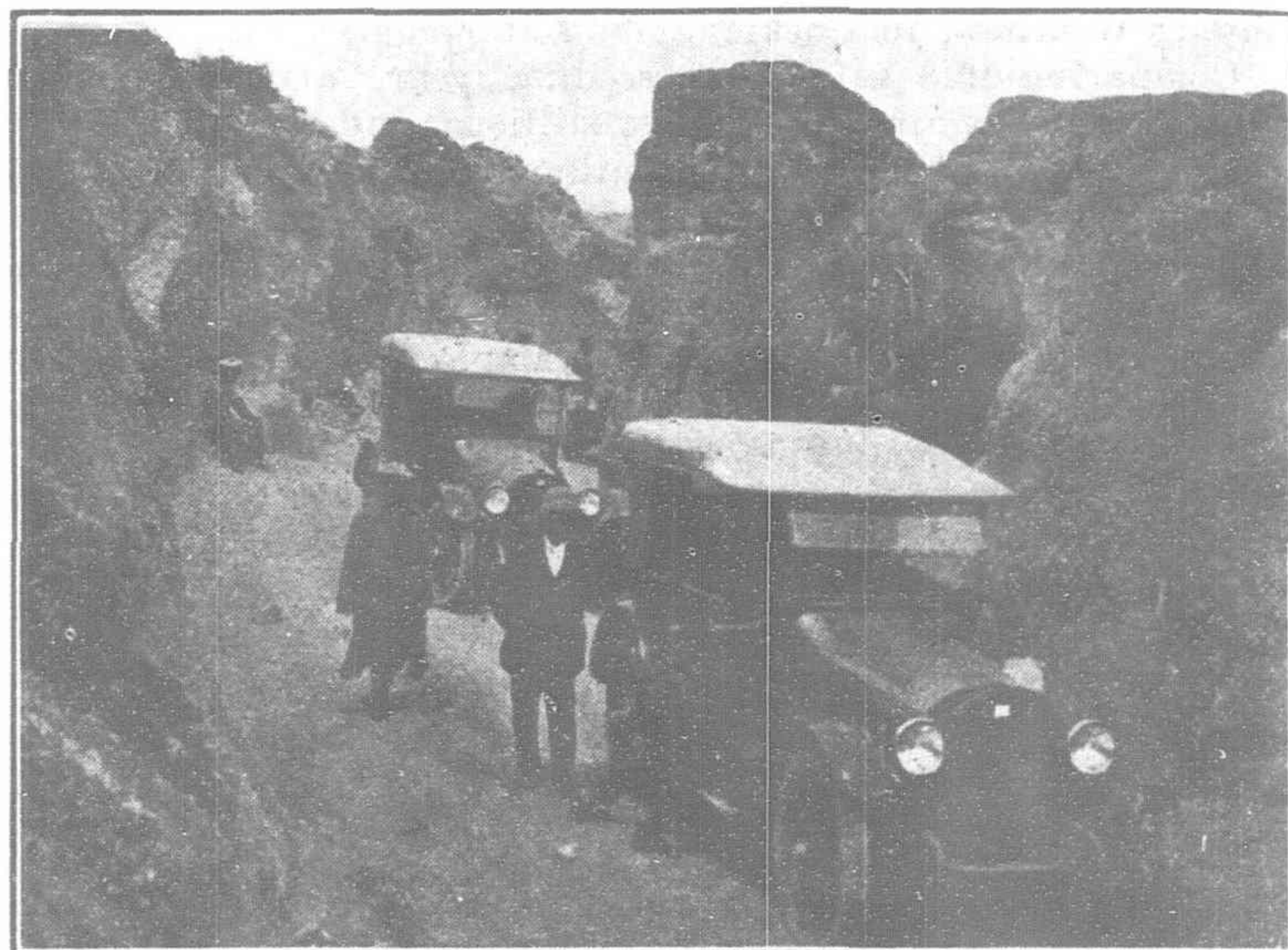
refundable. The revenue in 1918 was 50 per cent higher than that of 1915, but is still capable of enormous expansion. The postal revenue per capita in the United States for 1918 was \$3.67, and if this figure were ever attained in China the postal revenues would total something like a billion and a half dollars—but even falling far short of it, it can be seen that there is an excellent opportunity for further increases in revenue. As yet the total number of all kinds of articles posted in China averages but one per capita yearly.

The service is now extended to some 12,000 cities, towns and villages, and this number is being constantly increased. The Chinese staff totals 26,933 persons; and the foreign staff averages one foreigner to 250 Chinese. At the end of December the foreign staff consisted of 15 Commissioners, 18 Deputy Commissioners, 68 Assistants, one proof reader, four Postal Officers, and one Transport Officer. Ten of these were still on war service when the year closed.

The success of the British airship R 34 ("R" stands for "rigid") in crossing the Atlantic from Great Britain to America under its own power—flying actually 3,100 nautical miles in 108 hours and 12 minutes—will do much to promote the commercial use of such aircraft. The use of helium gas in future should remove the gravest danger to airships—that of fire—and since they are able to carry a great load they bid fair to find extensive employment within a comparatively short time. Rigid airships have vast possibilities, and it is certain that their limitations in size have not yet been approached by any existing machines. Experts say that an airship of 2,500,000 cubic feet capacity could carry 8½ tons of cargo across the Atlantic. If, by improvement, the fixed weight could be reduced by five per cent., the weight of cargo carried could be increased by 23½ per cent. The most striking improvement in the commercial value of airships is, however, to be obtained by increased size. As the running costs of the larger types will be proportionately less, it is clear, according to those who know, that the larger ship is a far better commercial proposition than the smaller one. Lord Weir, former Air Minister of Great Britain, is of opinion that the heavier and the lighter than air craft are for practical purposes genuine competitive means of achieving the same result, though the charges accessory to the two vehicles had to be taken into consideration, as, in the case of the rigid ships, the cost of accommodation and the handling facilities and their gas producing plant.



CROSSING THE BED OF A SMALL STREAM



NEAR TAO-LING

Kalgan-Urga Motor Service

In the November, 1918, issue the FAR EASTERN REVIEW published some interesting notes on the crossing of Mongolia by motor car. We are now enabled, by the courtesy of Major-General S. Y. Tinge, to add some information which has been gained by the experience of a year's working.



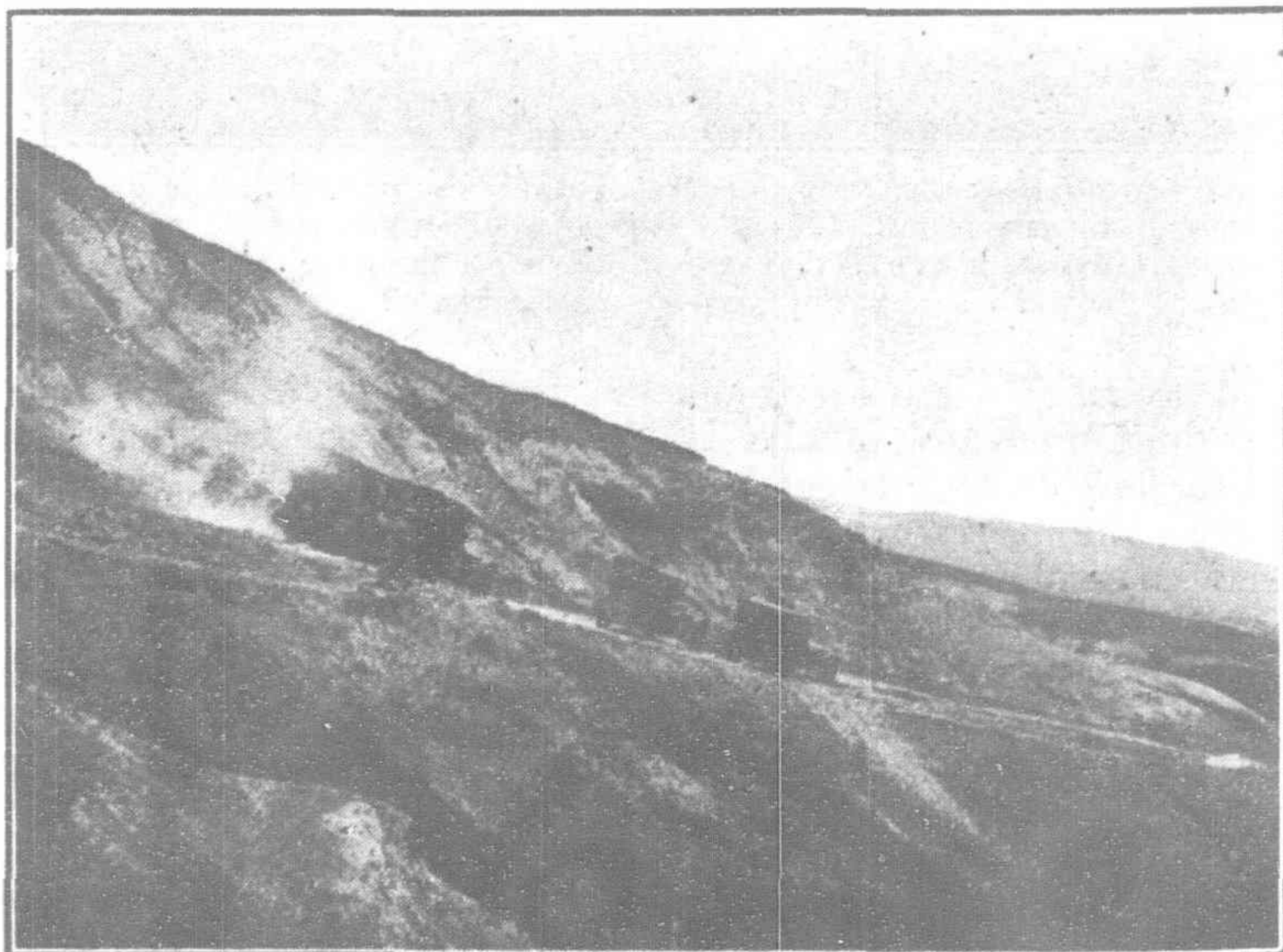
BRIDGE MADE BY RAILWAY ENGINEERS—SHOWING HOW CAR IS LADEN FOR JOURNEY

The Peking-Suiyuan Railway, of which General Tinge is the Managing Director, now maintains a regular service between Kalgan and Urga. Every five days cars leave Urga and Kalgan simultaneously. The trip to Urga from Kalgan takes five days: from Urga to Kalgan four days. The actual running time is only about 32 hours for the 625 miles. The first stage is from Kalgan to Hsing Kwa Cheng, and thence to P'ang-Kiang, where there are inns for the travellers to rest in. From P'ang-Kiang the way lies to Wu-te and then to Tao-Ling where the accommodation is only two Mongol yourt, or tents, for passengers, and from Tao-ling one day's run takes them to Urga. The fare is \$120 silver each way, and even at this figure the Railway Company incurs a loss. This is partly due to the cost of transporting gasoline across the desert for the use of the cars, as owing to the great vibration and shock there is a great loss due to leaky seams in the tins, and partly owing to the rapid depreciation on the

cars. The cars are driven at a high rate of speed over the prairie, and their drivers are not yet sufficiently skilled to be able to take them fast over rough country and yet spare the engine and frame. A repair shop has been erected where a stock of spare parts is always held, and where any kind of repair, from re-vulcanising tyres to replacing a broken piston rod, can be undertaken immediately. Since the Railway have had their service running, they are able to boast that no passenger of theirs has been hurt or anything complained of.

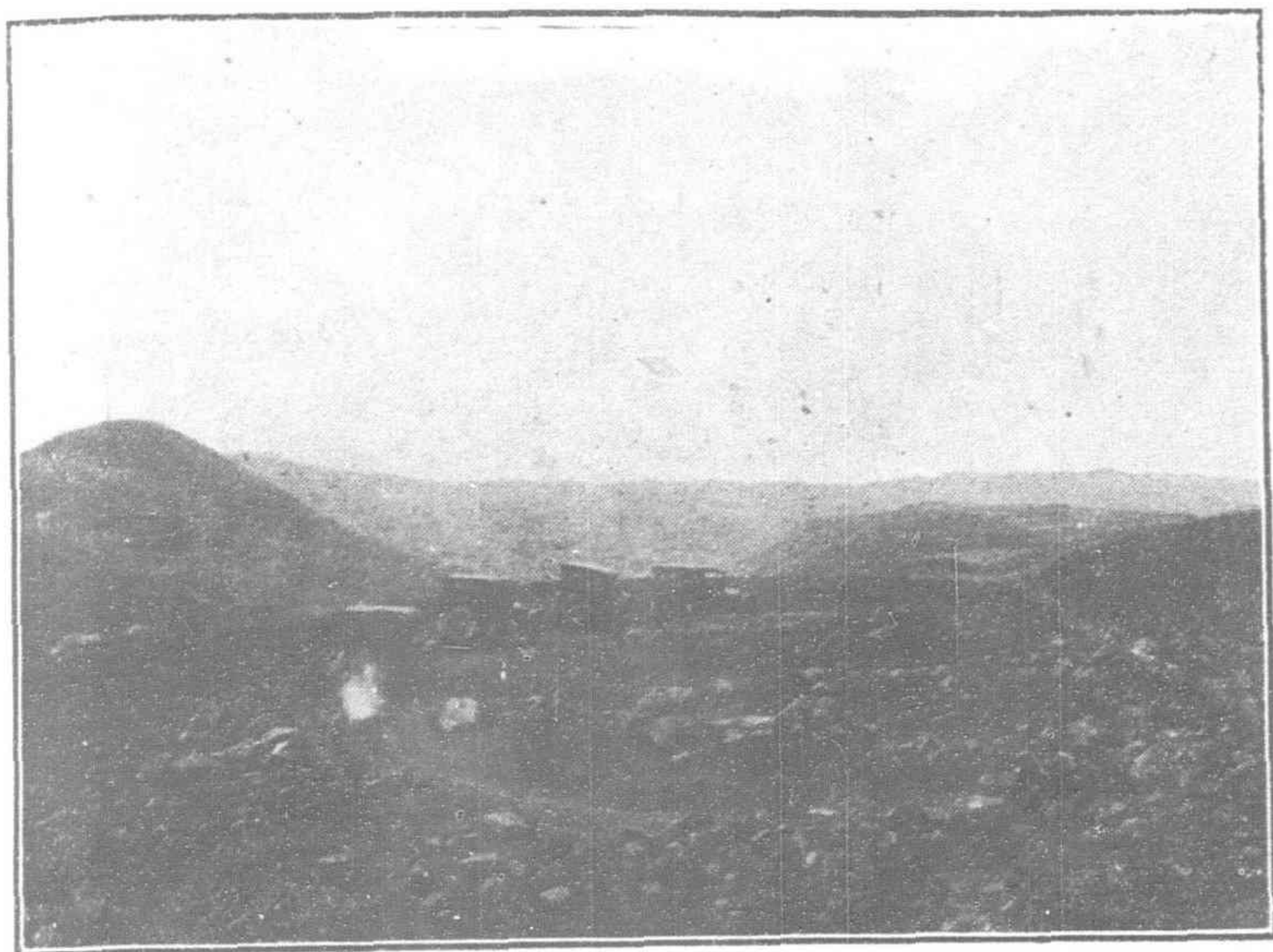
The service runs only from April to October. After October the snow, which fills some of the valleys to a depth of thirty feet, makes motor car travel impossible. The plains are at present inhabited only by Mongol nomads, and some of the difficulties of such a service may be gauged when it is known that a census taken of the whole region only gave twenty-four families.

Much attention has been drawn lately to General Hsu Shu-ch'eng's activities around Kalgan. There he has been getting together a fleet of motor cars, his intention being announced as to transport his troops to Urga. This is an entirely separate organization and though, of course, different departments of the same Government always assist each other, General Hsu is relying on his own advisers and staff for all the preparations which he is now making.



NEAR HSIN-HWA-CHEN

Kalgan will not be the starting place for long. There are many disadvantages to Kalgan, the chief being that the first twenty miles out are up a steep valley with a rockstrewn bed. Efforts have been made to improve the going, but the rush of waters from the tree-denuded hills after each heavy rainfall



NEAR PAU-KIANG

washes away all the work that has been done, and the attempt has now been given up in despair. The railway runs west down to Tatungfu and then north to Fengchen, and from there due north to Ping-ti-chuan whence the cars will start their run to Urga. This will avoid the worst piece of road, and shorten the journey considerably. It is hoped that the new construction of fifty miles extension of the Peking-Suiyuan Line will open traffic for the public by the end of 1919.

Japan's Railway and Labor Situation

There are 6,000 miles of national railways in Japan at present, according to Mr. Takojiro Tokonami, home minister and president of Imperial Government Railways, who delivered an address recently at the Tokyo Chamber of Commerce before delegates from chambers of commerce throughout Japan. These railways are capitalized at Yen 1,300,000,000. The revenues for the fiscal year of 1918 amounted to Yen 250,000,000 and expenditures to Yen 160,000,000, which means that there was a profit balance of Yen 90,000,000. The number of passengers carried in that year reached 6,500,000,000, the freights amounting to 5,600,000,000 tons. Compared with 1912, there was an increase of 80 per cent. in passengers and 11 per cent. in freights. Because of the war, freights have increased considerably and continue to increase so that the Imperial Government Railway Board is doing its utmost to improve the lines, to build additional lines and to improve and add locomotives, passenger and freight cars.

The average annual expenditures for construction and improvement has hitherto been between Yen 60,000,000 and 70,000,000. In the present fiscal year—from April, 1919, to March, 1920, the amount is estimated at Yen 120,000,000. New lines to be constructed are estimated at 2,400 miles. Work will be commenced with the view principally to improve the means of communications and transportation between cities and towns. Stations such as at Nagoya, and other important places will be improved. The quadruple track line between Kyoto and Kobe, the double track line between Sanyo and Kwansai, the reconstruction of lines between Kozu and Numazu and between Otsu and Kyoto, land and water connections at Moji and Shimonoseki, at Osaka, at Aomori and Hakodate, etc., are being hastened to completion. As the traffic grows, the freight cars will be enlarged in future from 10 to 15 tons capacity. For country districts, first class pas-

senger cars will be omitted as much as possible, with the view of improving third class accommodations.

During April and May, this year, the average daily tonnage of freight carried amounted to 173,800 tons. On May 27 the previous records were broken with a haul of 189,400 tons. Rice has been given precedence since last year to adjust the supply in different localities. During the month of May, 190,000 tons of rice were carried throughout the country, which was an increase of about 20 per cent. over the corresponding month of last year. Of this tonnage, 41,200 tons arrived in Tokyo in that month. For the months of June and July the freight rate for rice has been reduced by 30 per cent.

Mr. Tokonami, changing his subject, referred to the social problem of Japan. He realizes the supreme difficulty of a solution of the problem. In Europe, he reminded his audience, laborers have always been placed in a position of inferiority; it was necessary to resort to organized efforts to raise the position of laborers, and strikes were indispensable means of attaining the end. In Japan, too, as the industrial system becomes gradually enlarged, the antipathy between capital and labor will grow, and if the situation is left as it is there is possibility that a similar situation as in Europe will develop in Japan, that of capital and labor struggling against each other. In Mr. Tokonami's view, capital and labor should from their very nature morally and economically depend upon each other.

The Lung Yen Iron Mines

In the FAR EASTERN REVIEW for August, 1918, reference was made to the Lung Kuan Iron Mines, now known as the Lung Yen Mines, and then stated that the differences which had existed between various members of the group of owners had been adjusted. General S. Y. Tinge, managing director of the Peking-Suiyuan Railway, has courteously placed the following information at our disposal:—

The proprietors of the Lung Kuan Iron Mines have the mining rights over the area between Hsuan-Hua-Hsien and Lung-Men-Hsien. Iron ore deposits were also discovered at Yen-Tung-Shan in the vicinity of Hsuan-Hua City, and subsequently the two mines were amalgamated into what is now gazetted as the Lung-yen Mining Administration. The capital of this chartered Company is fixed at \$5,000,000, of which one-half is subscribed by the Government and one-half by a financial group and the public. This group consists of Liang Shih-yi, Lu Tsung-yu, Marshal Tuan Ch'i-jui, Tsao Ju-lin, Mr. E. Y. Sheng, the son of Sheng Kung-pao, Hsü Chie-tse, only son of President Hsü, and General Tinge himself. This group represents three-fifths of the capital: the rest is subscribed by the public. A survey of the area was made by Professor Andersen, Adviser to the Mining Department, in 1913, when it was estimated that there were about thirty-five or forty million tons of ore available. Since then about 40,000 tons have been sent to be smelted at the Hanyang Iron Works, in order that all the peculiarities of the ore may be studied before the machinery is purchased for smelting. The results have hitherto been excellent, and over 50 per cent. of iron has been reported. The production of ore already exceeds 600 tons a day. The following is the analysis of pig iron turned out at No. 4 Furnace of the Hanyang Iron Works:—

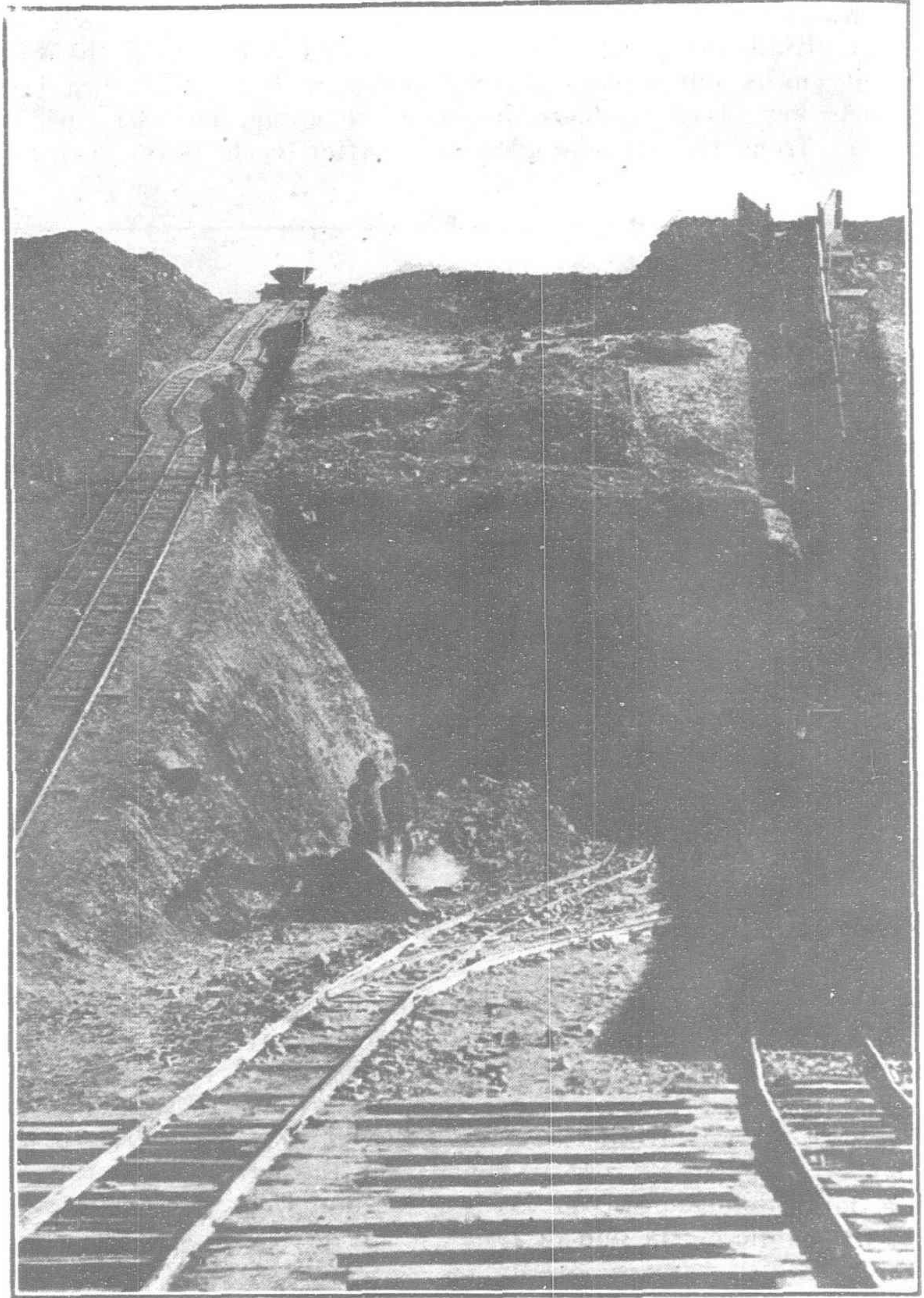
| No. 1 Foundry Iron. | | | |
|---------------------|------------|------------|----------|
| Si | Mn | S | P |
| 2.00-2.5% | 0.75-1.00% | 0.02-0.04% | 0.3-0.4% |
| Special Pig Iron. | | | |
| Si | Mn | S | P |
| 3-6% | 0.75-1.00% | 0.02-0.04% | 0.3-0.4% |

It is hoped to have blast furnaces working next year. The Board of Directors presided over by Mr. Lu Tsung-yu, the Director General, and General Tinge, the Co-Director General, is composed of Messrs. Hsü Chie-tse, Liang Shih-yi, Tsao Ju-lin, E. Y. Sheng and Tseng Yun-peï, while the Government has as ex-officio repre-

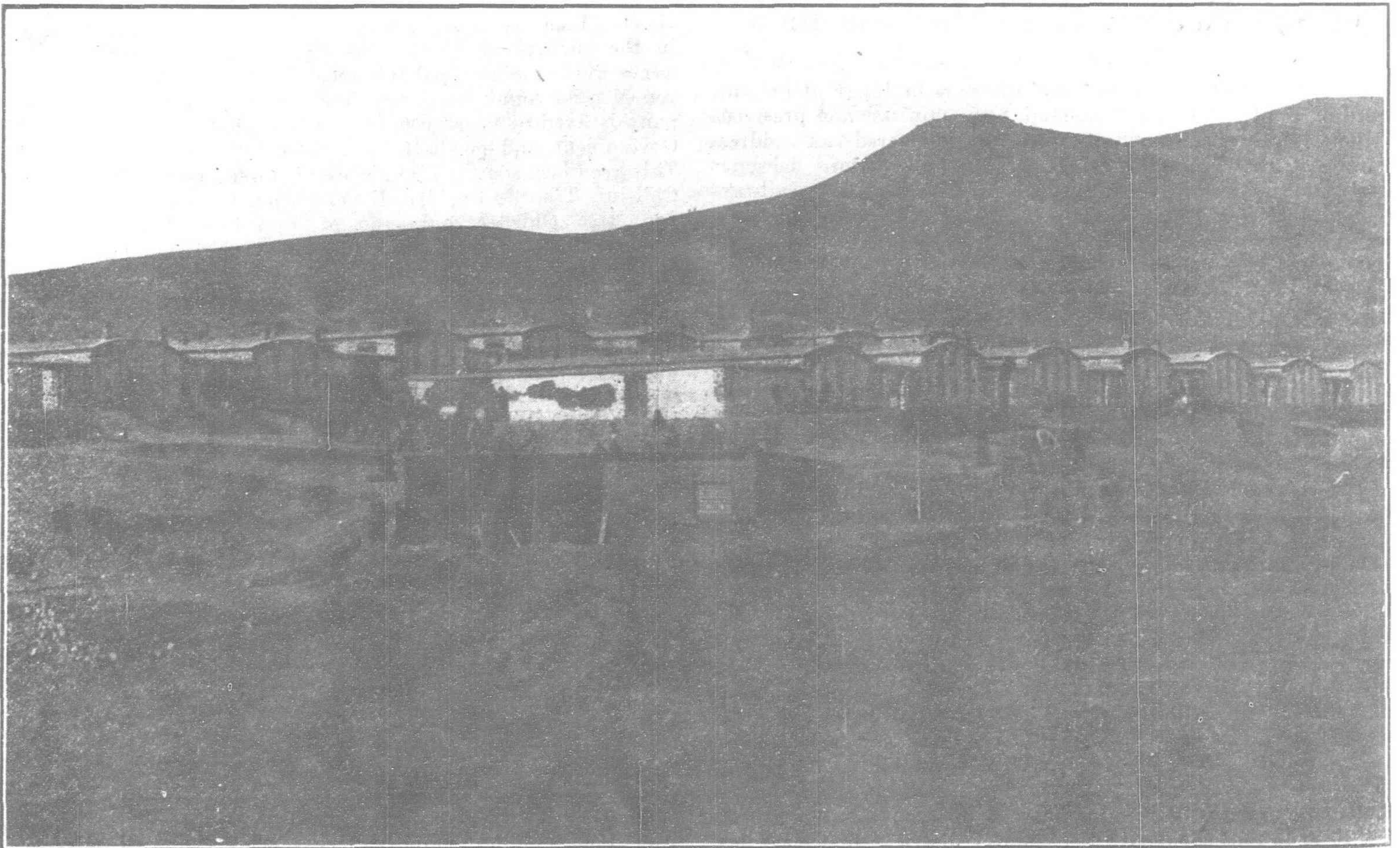
sentatives the chiefs of the Mining and Geological Departments in the Board of Agriculture and Commerce.

Messrs. Perin and Marshall of New York are the consulting engineers, and have already sent an expert to view the property; but at present the bulk of the engineering research is being done by the entire Chinese staff of Lung Yen Mining Administration and assisted by the Hanyang Iron Works, with which Mr. Sheng is in intimate relations.

A Japanese writer in the "Nichi Nichi" realizes that Japan has come too late as a nation to join in the old game of territorial grab. It is an admission which might be pondered by the predatory party still dominant in Japan. Japan *has* come too late. The world, or the vacant spaces in the world, were being colonized by enterprising nations when Japan was jealously maintained as a closed preserve, and by the time she awakened to possibilities the vacant spaces had all been colored on the maps in accordance with the tints adopted by the nations responsible for the colonization. One paragraph from the article is sufficient: "Regrettable to state, Japan was opened to foreign intercourse 50 years too late. If her foreign intercourse had been begun 100 years ago, she could have extended her territory pretty widely. But Japan was opened only 50 years ago. During the interval pacifism has gained ground in Europe and America, but in this space of 50 years Japan has put her armaments in order. When Japan completed her task of building up armaments the world's pacifism was beginning to bear fruit. If 300 years ago the construction of three-masted ships had not been prohibited and if foreign intercourse had been free, the South Sea islands, the Philippines, Borneo, Sumatra, Siam, Annam, and Singapore might have been added to Japan's territory. The ancestors of Europeans and Americans cruised about the world, suffering many privations, and as a reward for their efforts they have acquired the territory they now own. It may, therefore, be said that the narrowness of Japan's territory is due to the fact that our ancestors indulged in idle slumbers." So Japan has none but herself to blame—for slumbering. "The early bird catches the worm"!



TRANSPORTING YEN-TUNG-SHAN ORE TO LOAD ON P. S. RAILWAY



LABOR QUARTER AND SHOP AT YEN-TUNG-SHAN MINES

China's Non-Signature of the Peace Treaty

Rugby boys used to say about Arnold, "It isn't fair to lie to Arnold; he believes you." This is but a particular case of the general rule that people have a tendency to be what they are believed to be, or what others seem to think they should be or might be. The wise teacher acts on the principle in all his school work, and other people should keep the principle in mind—for their own advantage as well as for that of others. When China declared war on Germany the Allied Powers, through their Legations in Peking, gave her a very hearty welcome to the constantly growing band of belligerents, and their messages to China, almost identical in terms, all ended with the assurance that they would do all that devolved upon them in order that China might enjoy "in her international relations the position and regard that are due to her as a great nation." China seems to have taken these assurances at their face value, and her first attempt to live up to them in her international relations is her refusal to sign the Peace Treaty with Germany because it does not show her the regard that is due to her as a great nation. That, essentially, is the meaning of China's non-signature of the peace Treaty with Germany, though there are many aspects in which the essential fact may be viewed.

In order to understand China's exact position in the matter it is necessary to keep in mind the circumstances at each end of the telegraph wire between Peking and Paris. At the Peking end, it is essential to remember, there had been, ever since the first hint that the Peace Conference had dealt unjustly by China, a growing storm of indignation and a fierce rebellion in the hearts of those who knew what it all meant; and the same was true throughout the world wherever there was a Chinese community. The direct result of this was that from one source or another the Chinese Delegation in Paris received about seven thousand telegrams urging it not to sign the Peace Treaty except with reservations as to Shantung. At the same time, the Peking Government received an immense number of telegrams from Chinese bodies of one sort or another urging that instructions be sent to the Delegation in Paris that there should be no signature except with reservation. The Government fully realized that there was a real popular public opinion behind these demands and for that reason, as well as because there was only one honourable and dignified course before it, the Government modified the original instructions to the Delegation to use its own discretion to a definite instruction not to sign the Treaty except with reservations as to Shantung. The final instructions were sent on Thursday the 26th June, and there is still some doubt whether they reached the Delegation in time to be effective or whether the Delegation, still acting in its own discretion, decided not to sign at all, seeing that it could not effect any sort of safeguard of the Shantung issues. Whichever may have been the case, the point to keep in mind is that neither in Europe nor in China was unreserved signature regarded by responsible Chinese as consistent with the position and regard due to China as a great nation.

It is important to bear in mind too that at the Paris end of the telegraph wire everything was done decently in order, as became a great nation. Attempts have been made to spread the view that the Chinese Delegation acted boorishly and with discourtesy to the rest of the members of the Conference. This was emphatically not the case. The Chinese Delegation moved towards its final decision in four perfectly logical steps, and the rest of the Conference, or at any rate the executive committee of the Conference, the Big Four, as well as the Japanese Delegation, knew quite well of each step as it was taken. The first step was to enter a protest against the articles dealing with Shantung and to seek the consent of the Conference to a Chinese signature of the Treaty with reservations as to Shantung. This course was disallowed, and the Chinese Delegation took its second step of inquiring whether it would be permissible to sign the general

treaty but to have added thereto an annexure explicitly setting forth China's non-acquiescence in the articles referring to Shantung. This was refused also, and the third step was taken, namely, to ask whether if China signed the Treaty an exchange of notes whereby Chinese dissent from the stipulations regarding Shantung was recorded would be permitted. This also was refused, and the fourth step, the decision not to sign the Treaty at all was taken, and communicated to the Big Four as being the probable course that China would take. From beginning to end there was nothing whatever to suggest discourtesy. The Delegations acted throughout in the spirit in which the Allied Powers had in August, 1917, hinted that she would henceforth be treated, as a great nation.

So much for the actual facts and details of the refusal to sign. Now for some consideration of the consequences and implications of the refusal. By this refusal China has profoundly affected the whole of her international relations. Those relations principally concern: (1) Germany; (2) Japan; (3) the Allied Powers; and (4) the League of Nations. Finally, if the expression may be allowed, China has profoundly modified her relations with herself. It will be well to discuss these relations in turn.

The fact that she has not signed the Treaty with Germany leaves her still at war with that Power. This means that all former treaties with Germany are still abrogated, the Declaration of War, made on the 14th August, 1917, still holding good. The Declaration of War abrogated all agreements between Germany and China, and therefore abrogated the Shantung agreements, which antedate the Sino-Japanese Treaties of 1915. These abrogations still stand, and will continue until Germany and China reach some independent agreement for the resumption of friendly relations. China is still at war with Germany, but must eventually sign some sort of peace with her. A great deal depends on the nature of the peace to be signed. There are two courses open to China. Either she may make peace before her case is heard at the League of Nations, or she may decide to wait until that body has rendered its decision before she makes a peace with Germany, in which case, presumably, she would make her peace terms square with the decisions of the League tribunal. The indications are that she will not wait until then, but will sign her independent Peace Treaty with Germany at a comparatively early date. Already there are indications of the attitude China will take in dealing with Germany. Enemy aliens have lost their extraterritorial privileges, and not only they. On the 27th April a Mandate was issued declaring that foreign Powers not at present in treaty relation with China and desiring to enter into such relations must do so "in a spirit of equity and justice to both parties. Those countries that have recently separated themselves from their mother countries and formed new independent states, shall have no claim to the privileges and rights that their mother countries enjoyed in China under special treaty stipulations." A hint of what this means was given on the 13th June when regulations were issued subjecting non-treaty aliens to the same fiscal imposts as Chinese themselves have to pay; in other words, a beginning is being made of the end of extraterritoriality. It does not perhaps matter much whether say, Czecho-Slovaks, are exempt from extraterritorial restrictions, as well as deprived of extraterritorial protection, in China. But how will the application of like principles to the Germans affect other nationals? It is evident that under her Peace Treaty with Germany, when it is made, as was implied in the general Peace Treaty that China has not signed, extraterritoriality for Germans and Austrians goes by the board. But, the corresponding restrictions go with it! After peace has been made between China on the one side and Germany and Austria-Hungary on the other, Germans and Austro-Hungarians will not enjoy the privilege of extraterritoriality, but they will enjoy the privilege of all Chinese, namely,

that they can go where they like, erect factories where they like, and generally occupy the points of vantage in the non-treaty area. This will hold good unless the separate peace with Germany expressly stipulates otherwise, which there is no reason to suppose it will do. Germany's special opportunities in Shantung, it is to be presumed, will be abolished, but these opportunities will be worth sacrificing if Germans thereafter are to be as free as the Chinese themselves—and that is the logical corollary of the abolition of extraterritoriality—to develop Chinese resources without restrictions as to place. For other Powers this is a serious possibility.

How far in this direction China will go it is impossible to say. That the door will be thrown wide open and no restrictions whatever placed on German activities in the country is most unlikely; but the fact must be faced that the treatment accorded to China by the Peace Conference has put it within the power of China to make what terms she wishes with Germany. The unlikelihood of unrestricted activity for Germany is suggested by the fact that China has declared to Great Britain, France and the United States, that German rights and share in the Hukwang Railways have been cancelled. But the exact legal position must not be overlooked by foreigners interested in China.

We now turn to consider the relations of China and Japan as affected by the non-signature of the Treaty. The outstanding fact, of course, is that China does not recognize the disposition of German interests as decided upon between Japan and Germany, and as China is at liberty to make her own peace terms with Germany, there is in prospect a very complicated quadrangular fight. Germany is bound by the terms of the Peace Treaty as signed with Japan and the other Allies. Japan is likewise bound, and she has also the advantage of the 1915 Treaty. The other Allies are presumably bound also, not only by the Peace Treaty, but in the case of Britain, France and Italy by the secret treaties of 1917, which seem to have been the dominating factors in the Peace Treaty settlement as far as ex-German privileges in China are concerned. Three parties to the fight are already bound. The fourth party, China, evidently holds that she is not bound, for although in the 1915 Treaty she undertook to accept any decision that Germany and Japan might reach at the end of the War as to the disposition of ex-German interests in Shantung, her refusal to sign the Peace Treaty is equivalent to denying the validity of the 1915 Treaty. No official statement has been made on this point, but presumably China will argue her case against Japan on the ground that the 1915 Treaty was signed under pressure of *force majeure*, and, therefore, has no validity. She may also argue that her declaration of war annulled all German interests in Shantung, and, therefore, Germany has acted *ultra vires* in disposing of those interests to Japan. China has very foresightedly prepared the way for declining to be bound by any agreement between Germany and Japan. When the text of the Lansing-Ishii notes was communicated to her, China replied in identical terms both to Japan and to the United States, that, "hereafter the Chinese Government will still adhere to the principle hitherto adopted and hereby it is again declared that the Chinese Government will not allow itself to be bound by any agreement entered into by other nations." The same principle applies in the present case, and on this principle, as well as on the correlated arguments that Germany has at present no interests in Shantung and thus has acted *ultra vires* in disposing of non-existent interests to Japan, China will presumably take her stand at the hearing before the League of Nations. In doing so she may legitimately make use of a very strong weapon, namely, the fact that the German interests in Shantung were originally signed away by her under pressure of *force majeure*, and she has had no opportunity of obtaining redress in this matter from 1898 to the present time.

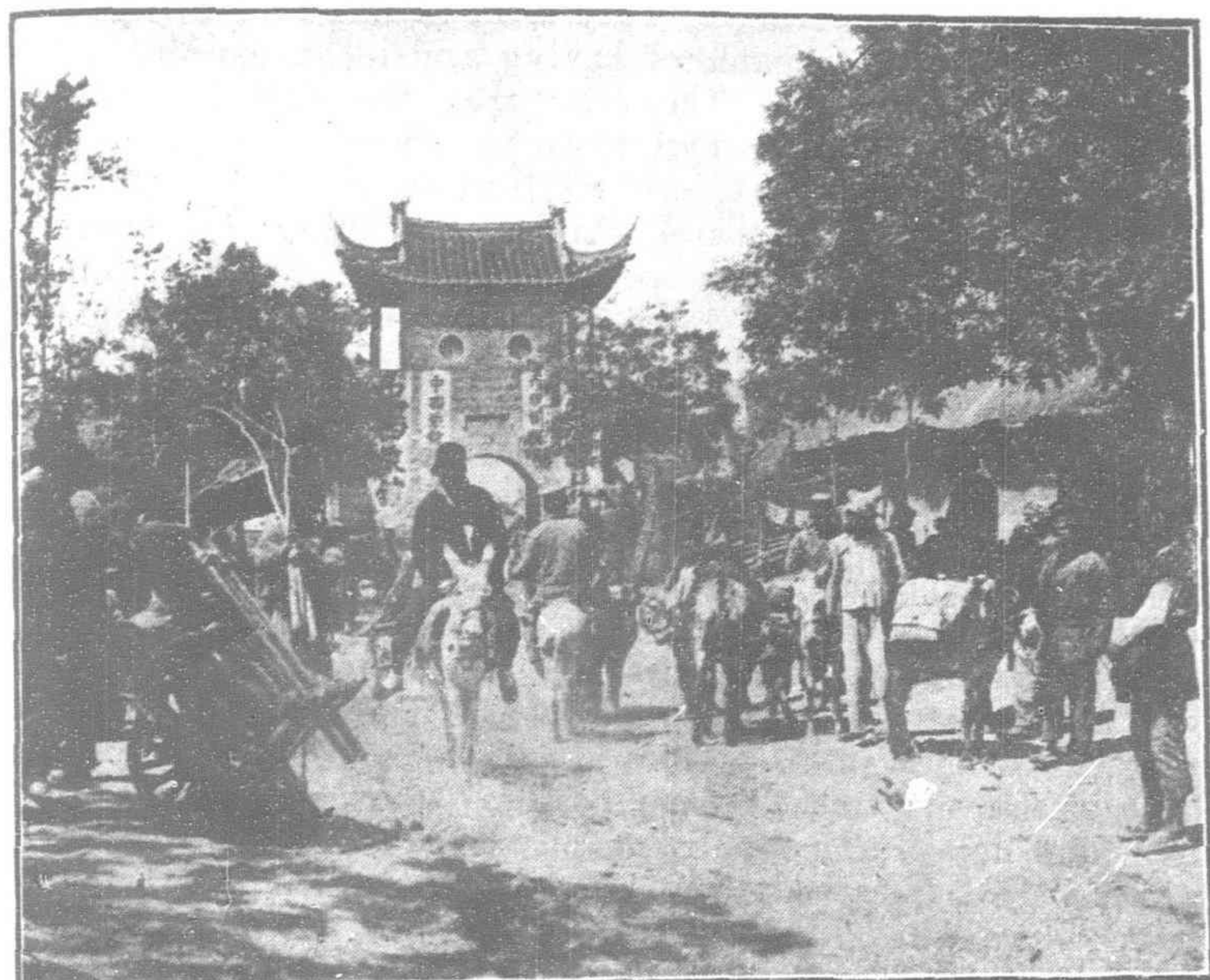
By her refusal to sign the Peace Treaty China changes her relations with the Allies. China has never yet signed a treaty to which several European Powers were parties on terms of equality with them. By refusing to sign the Peace Treaty she has asserted for the first time effectually her rights as a fully sovereign independent Power, and impliedly calls on the Allied Powers to redeem their pledges, made at the time China entered the War, to accord her the treatment due to a great nation. As in the case of Japan and Germany, she has prepared the way for refusing to

acquiesce in her Allies' decisions in her reply to the communication of the text of the Lansing-Ishii notes. She declines to recognize as binding the decisions of the Peace Conference concerning non-existent German interests in Shantung, and at the same time she refuses to recognize as binding on her the secret agreements made between Japan on the one side and Britain, France and Italy on the other in 1917. It is fair to assume that she was ignorant of these agreements when she entered the War, and it is reasonable to ask why she was not informed of them before she took her decision. Colonel House has stated that the United States Government knew nothing of them; the press reports of the Conference all indicated that they were unknown to President Wilson until they were mentioned in the Conference itself when Chinese questions came up. It is easy to understand that they were signed by the European Allies at a time when it was absolutely necessary to keep Japan loyal to the Alliance and, this being so, the extent of the moral obligation to adhere to their terms may be arguable. It is important to note that whilst the Chinese are profoundly disappointed at the discovery of these secret agreements, and are fully alive to the part they have played in the dispositions made in the Peace Treaty, there is very little complaint against the three European Allies, who are regarded as prospective parties to a forthcoming friendly suit on the issues when the League of Nations begins its work; but it is equally, perhaps more, important to note that the United States position is enormously enhanced in Chinese sentiment.

When we turn to the effect that the non-signature of the Treaty will have on China's relations to the League of Nations, we deal with simplicity itself. Under the Covenant of the League any nation can join whenever it wishes, provided the nations already in the League accept the application. There is no reason to suppose that China's application would at any time be refused, were she not to enter the League as a foundation member. This contingency need not arise, however. In spite of a fierce propaganda in the press, semi-officially and in a score of ways, directed from sources that need not be examined more particularly, directed towards convincing the highest authorities in China that by her non-signature of the Peace Treaty with Germany China has excluded herself from the League of Nations, the simple fact remains that the Covenant of the League forms an integral portion of the Peace Treaty with Austria, and there is nothing whatever to prevent China's signing that Treaty and thereby becoming a fully accredited member of the League.

We turn lastly to see how China's refusal modifies her relations with herself, so to speak. It is not too much to say that China's diplomatic action is the most important event in her domestic history since the outbreak of the Revolution. The militarists in China, especially the northern militarists, have all along urged that under any circumstances China must sign the Peace Treaty. The militarist press organs constantly urged this, and in so doing merely echoed the friendly advice of the Japanese press. Marshal Tuan Chi-jui himself issued a circular telegram urging that China's only course was to sign the Peace Treaty, reservations or no reservations. Every reactionary element in the country took this view; where it took it from does not matter. In spite of this urging, China has not signed the Treaty, and that she has not done so is almost entirely due to the fact that for the first time in China's history, her modern history at any rate, a real and effective public opinion has manifested itself. This public opinion gave the President ample grounds for following the path that it is known he was independently inclined to follow, namely the path of non-acquiescence in the dispositions made by the Peace Treaty. How that public opinion was organized and made articulate we showed in the June issue of this REVIEW, and need not be related here. What concerns us here is, what was the essential significance of the public decision, informally taken but very emphatically made known to the world, not to sign the Peace Treaty? It was something more than a decision not to barter away the national rights of China; that was really the least of its meanings. Its greatest significance lay in this, that it was a declaration that this country was not going to be dictated to by militarists; to the militarists, and their friends, it was a notice to quit and the militarists, know it was such a notice. They have taken note, and they are wondering where to turn for help and guidance. They are also wondering where to

turn for ready cash. China's non-signature was the beginning of a new era in her foreign relations, but it is no less the beginning of a new era in her domestic history. It is the beginning of a great campaign. Up to the 28th June there had been no real fighting; nothing more than skirmishing; the militarists had had everything their own way. On the 28th June the first fight in the campaign was won, and won by democracy.



GATE AT HSUEHCHOWFU, KIANGSU PROVINCE

The Canton-Kowloon Railway in 1918

British Section Reports a Surplus on Operations

The report of the Manager of the Kowloon-Canton Railway (the British section), for the year 1918, discloses the fact that the line continues to pay its way. The gross receipts for the year were \$433,274.43 as against \$428,246.46 for 1917, an increase of \$5,027.97. The balance after paying working expenses stands at \$77,053.36.

During the year there was carried out the usual amount of operating improvements. The goods examination shed at Kowloon Station was completed, and the building of a reinforced concrete wharf in front of the shed has been decided upon. Some 2,500 sleepers were renewed, and a contract arranged for the

supply of 6,000 Australian hardwood sleepers for further renewals; delivery under this contract having commenced. A few experimental reinforced concrete sleepers have been made, and though some give fair promise of success the present price of materials prohibits more extensive trials at present. The old wooden mile and grade posts throughout the line were removed and replaced by new posts of reinforced concrete.

Exhaustive contour surveys were carried out over the routes for the projected branch lines to Tai Kok Tsui and Tai Wan Bay. Plans and sections covering the work have been prepared and estimates have been completed. A vacant portion of railway reclaimed land at Hung Hom has been levelled and turfed to form a recreation ground for the Chinese staff, the Government having permitted the accumulations of the fine fund to be used for this purpose. A new system of discipline, whereby fines are to be abolished and marks both negative and positive substituted, has been approved and will be brought into operation during the current year.

The working expenses for the year are somewhat higher than in 1917. Locomotive expenses are mainly responsible for this, the percentage of gross receipts being 47.25 as against 43.89 for the previous year. The additional expenditure is due to an advance in the price of coal and to a smaller extent to a slight increase in the consumption owing to heavier trains.

The earnings of the line depend largely upon passenger traffic. The through and joint sectional passengers carried were as follows:—

| | 1918 | 1917 |
|---|---------|---------|
| Passengers booked by stations in British territory to stations in China | 307,494 | 309,394 |
| Passengers booked by stations in China to stations in British territory | 323,643 | 352,008 |
| Local passengers: main line | 296,379 | 277,968 |
| Local passengers: Fanling Branch | 45,187 | 55,211 |

During the year there were 2 accidents due to shunting collisions; 5 due to coupling failures; 4 due to engine derailments; 2 to coach derailments; and 2 to wagon derailments. There were 2 deaths among employees, none among passengers, and 2 among others; and one serious injury is listed among "others."

The construction expenditure up to December 31st, 1916, and special expenditure for the year 1917 amounted to \$14,812,377.77. Adding to this the special expenditure for the year 1918, \$47,469.73, the total cost of the line to December 31st, 1918, was \$14,859,847.50. The British section comprises the 22½ miles of main line in British territory, connecting with the 89½ miles of main line in China. The inventory of rolling stock remains unchanged with 13 locomotives, 28 wide-gauge coaches, 6 narrow-gauge coaches, and 52 goods wagons.

Main-line train mileage aggregated 230,746 miles, of which 118,367 is accounted for by passenger trains, 9,112 by goods trains, 34,620 miles by shunting at 6 miles per hour, and 58,534 by standing in steam at 6 miles per hour. The mileage on the Fanling line aggregated 24,973.

The following statement gives the revenue account for the year ending December 31st, 1918:—

Revenue Account for the Year ending 31st December, 1918.

| Amount 1917. | | Earnings. | | | | Amount 1918. | | Total. | | Amount 1917. | | Per cent. on Gross Receipts. | Expenditure. | | Amount 1918. | | Per cent. on Gross Receipts. |
|-----------------|----|---------------------|-----|-----|-----|-----------------|------------|--------|--------------|-----------------|--------|---------------------------------|--------------|-------------------------------------|-----------------|----|---------------------------------|
| \$ | c. | Local. | | | | \$ | c. | \$ | c. | \$ | c. | | % | Main Line. | | \$ | |
| 119,397.09 | | By Coaching Traffic | ... | ... | ... | ... | 132,353.37 | | | | | | | To Maintenance of Way and Works... | 44,921.86 | | 10.37 |
| 9,985.88 | | „ Goods | ... | ... | ... | ... | 10,761.46 | | | \$ | c. | % | | „ Loco, Carriage and Wagon Expenses | 204,704.75 | | 47.25 |
| 18,321.86 | | „ Sundry | ... | ... | ... | ... | 16,203.82 | | | | | | | „ Traffic Expenses | 53,675.01 | | 12.39 |
| | | | | | | | | | 159,318.65 | 44,553.81 | 10.40 | | | „ General Charges | 40,716.60 | | 9.40 |
| 147,704.83 | | Foreign | | | | | | | | 54,144.44 | 12.64 | | | „ Miscellaneous Expenditure | 64.50 | | .01 |
| 234,622.27 | | By Coaching Traffic | ... | ... | ... | ... | 234,974.80 | | | 39,858.76 | 9.31 | | | | | | |
| 33,770.69 | | „ Goods | ... | ... | ... | ... | 27,967.80 | | | 64.20 | .01 | | | | | | |
| 2,489.25 | | „ Sundry | ... | ... | ... | ... | 2,752.18 | | | | | | | | | | |
| | | | | | | | | | 265,694.78 | | | | | | | | |
| 270,882.21 | | Branch Line. | | | | | | | | 2,809.98 | .66 | | | To Maintenance of Way and Works... | 3,669.52 | | .85 |
| 8,809.72 | | By Coaching Traffic | ... | ... | ... | ... | 7,482.43 | | | 6,414.12 | 1.50 | | | „ Loco, Carriage and Wagon Expenses | 7,087.32 | | 1.63 |
| 849.70 | | „ Goods | ... | ... | ... | ... | 778.57 | | | 1,615.01 | .38 | | | „ Traffic Expenses | 1,381.51 | | .32 |
| — | | „ Sundry | ... | ... | ... | ... | — | | | | | | | | | | |
| | | | | | | | | | 8,261.00 | 337,431.48 | 78.79 | | | | | | |
| 9,659.42 | | | | | | | | | | 90,814.98 | 21.21 | | | „ Balance (Net Earnings) | 77,053.36 | | 17.78 |
| | | | | | | | | | \$433,274.43 | 428,246.46 | 100.00 | | | | | | |
| 428,246.46 | | | | | | | | | | | | | | | | | |

A Japanese Point of View on the Sino-Japanese Question

By JIHEI HASHIGUCHI

Immediately after I read the Press report of the resolution passed by the Anglo-American Association of Peking regarding the Paris decision on the Shantung question, I expressed my sentiment on the resolution, calling upon the delegates in Paris or the governments of the Allies to make their position clear as to how they have arrived at the decision in question. A month has already passed, but no reply to the Peking association was yet made public. Was that silence due merely to cable delay, or was the Peking resolution simply ignored? Have the Allied Governments, including the Ministers from the Allied nations in Peking, washed their hands of the resolution?

A very few persons in Japan seemed to take any interest in the resolution at the time it was published, the Press in Japan was practically silent and the publicists have made very little remarks about it. Only Viscount Kato, chief of the Kenseikwai Party, in his party address recently made a casual reference to the resolution, but thought that it will not amount to very much after all. I hope that it will not. What I do not understand is that, when the Japanese Press makes sometimes ridiculous remarks about our friendly nations, particularly England and America and more particularly about the English men and Americans in China and the Orient, they should have refrained from making remarks on that Peking Anglo-American Association resolution, which in my opinion was worth a lot to be commented upon, in view of the fact that the association represented as a body the leading British and Americans in Peking.

The July number of the FAR EASTERN REVIEW, which arrived just now in Tokyo, contains the resolution mentioned and also three other resolutions of a similar nature passed by ladies and others in Shanghai and elsewhere. I confess that I was ignorant of the fact that such other resolutions had been passed. But the review and comment on the four resolutions by the FAR EASTERN REVIEW, with several other articles printed in the magazine in the same issue, all rather severely critical of Japan and the Japanese and what our country and country men have been and are doing to China, makes me all the more wide awake to the reality that there is an open and unmistakable resentment against Japan of the whole community of the British and the Americans in China, if not in the Orient in general, barring exceptions.

It would be impossible for me to answer all the charges made against Japan in the articles mentioned, in a short article like this. As a Japanese, I should naturally be desirous to see that Japan's reputation is maintained abroad, if only it were for the sake of honour of my country. But I am not incapable of unprejudiced judgment occasionally. I want to ask fair-minded foreigners whether they think that the resolutions passed by the four associations in China were results of sincere desire on the part of the associations for the welfare of the Orient, or they were merely playing to the gallery? By passing the resolutions in question, the British and Americans in China certainly have "drawn water to their own rice field," as our saying goes; that is, they have won gratitude of a section of Chinese people, who have been excited over the Shantung decision and who blamed Japan and blaming Japan blamed the Paris Peace Conference for agreeing to Japan's claim in regard to the Shantung question. They can now pose as sincere friends of China, having disposed of Japan as a blackguard and a villain. Whether they will really be accepted by the Chinese as welcome friends for any length of time to come, it is another question, which time alone will answer. As for myself, I am satisfied that Japan has been very badly beaten up, but she is not down yet.

What these vilifiers of Japan have forgotten is the fact that whereas Japan and the Japanese may have made mistakes in China the supreme object of our country in her dealings with China was, is and shall be to open up the resources of China for the happiness of mankind. This ideal of Japan is simply set aside by the vilifiers, either for the sake of convenience or

because of their ignorance. They seem to think that Japan and the Japanese are incapable of having any ideal, except an ideal of national expansion. They say that the British and other Western people were the first to be in China to open up the country and to teach modern civilization to the Chinese, that Japan just stepped in and claims everything to herself. I believe that is the supreme fear which the British and the Americans entertain, let alone the question of China's interests and welfare, which are secondary in their anxiety.

I hereby frankly state that Japan means to expand and extend her influence in China as fast as is consistent, regardless of what her vilifiers have to say about her. We have already extended our influence in China considerably during the past few years, commercially and politically—more commercially than otherwise. A friend of mine, a shrewd managing director of a large Japanese concern, having large interests in China as well as elsewhere, in a conversation with me a few days ago, said that the British interests in China are now dwindling, beyond hope of recovery to the former business prestige; that the British in China are practically living on the incomes from the estates which were bequeathed them by their adventurous fathers; that the position which the British had occupied in the past century as exploiters of resources of China has already passed to the Japanese; and, as proof of that assertion, he told me that the Japanese interests are fast replacing the British and other Westerners in Shanghai and elsewhere as owners of best business quarters in foreign concessions; that he himself owns a large estate in Hongkong, etc.

My friend told me more, namely, that Japan now has no need to fear that her position in China will be overturned by any of the vilifiers of Japan.

I wondered whether such was really the confidence entertained by all the Japanese business men interested in China as to their power. But at any rate my friend, the managing director, certainly is one of many Japanese business men who are as confident as himself. After I listened to him, I gathered an impression that, after all, it is the business expansion of Japan in China, which is resented by the British and the Americans; for Japan's political expansion in China sinks in magnitude into insignificance compared with her business expansion. The Twenty-one Demands and the Shantung claims or any other claims of political nature made by Japan are nothing but toys for children, compared with the limitless claims which the Japanese business men have on trade with China, of which she has a large share and will have a larger share.

If the British and the Americans in China are opposed to Japan's commercial expansion in China, they are welcome to oppose it. But they should go at it in a business-like way, that is by means of commercial competition with the Japanese. They should not mind little toys like the Twenty-one Demands. These will not hurt, nor will they bring any very great influence to bear upon the commercial market of keen competition. If the Japanese business men can continue to produce goods at low cost which will sell well in China, the only way the British and the Americans can oust the Japanese goods is to reduce their cost of production and transportation. Boycotts or strikes started by agitators will not shake the Japanese trade with China from the foundation. If only Japan should find it impossible to continue production at low cost, owing to rise of wages, cost of living, etc., whereas the Western countries may remain stationary as far as the cost of production is concerned, then it will be time for the Westerners to compete with the Japanese goods in the Chinese market effectively.

One thing the Westerners in the Orient should remember—take it from me—is that we will not stop growing until we shall have approximated the advanced races of the West in our possession of wealth, strength, and civilization, individually and as a nation.

The Criminal Code of the Republic of China.

By Lo Wen-kang, of the Law Codification Commission.

The Second Revised Draft of the Chinese Criminal Code just issued is an official revision of the existing Criminal Code. "The Provisional Criminal Code" came into force with the Republic, and the Second Revised Draft will be its legitimate successor, as that Code in its turn had succeeded to the *Ta Ching Lu Li*.

The new draft is the work of the Law Codification Commission, which was enlarged last summer by the inclusion of Mr. Tung Kang, ex-President of the Court of Cassation, the only surviving scholar of ancient Chinese law, Mr. Lu Hung-yi, ex-President of the Civil Division of the Court of Cassation, and Mr. Shih Chi-chien, ex-Director-in-Chief of Civil Affairs in the Ministry of Justice; but the bulk of the work on the revised draft was performed by other members of the Commission, among whom may be mentioned Mr. Wang Chung-hui, D.C.L. (Yale), Barrister-at-Law, England, who translated the German Civil Code into English, and who was ex-Minister of Justice in the First Republican Cabinet, the new draft has had his close personal supervision throughout. Associated with him were Mr. Kiang Yung, ex-Minister of Justice; Mr. Lo Wen-kang, M.A. (Oxon), ex-Procurator-General of the Republic, and Mr. G. Padoux, who codified the Siamese Criminal Code.

Notwithstanding the turmoil and political upheavals of the past two years this Commission has been steadily working with unrelenting energy on the Criminal Code. One of its greatest difficulties was the necessity of making a thorough examination of the relations between the existing law and the old criminal law of China. The underlying fundamentals of the old law had to be preserved, while care had to be taken, by a comprehensive study of all modern codes, that the revised law in no way fell behind the latest developments in the science of criminology. This task was not only arduous but difficult.

The Provisional Criminal Code has revolutionized the treatment of the criminal in China. Not only does it abolish excessive penalties, but it limits the offences for which the death penalty may be inflicted, and provides that, contrary to previous practices, the only form of execution shall be strangulation. It also emphasizes, the familiar legal maxim that there shall be no punishment where there is no law. Other modern features in the Provisional Criminal Code are the reformatory measures for young offenders, and the tendency to bring under the consideration of the Bench any extenuating circumstance as well as the subjective condition of the offender. It has provisions for conditional release in the case of long sentences, and for doing away with the necessity of useless short terms of confinement for minor offences by adopting the system of suspension of punishment. Punishable offences are more scientifically defined than under the old order. Judicial discretion is allowed, and to guard against its abuse maximum and minimum penalties are provided for each offence.

It will be unnecessary to say more to convince any who are acquainted with the past history of criminology in China that when the Provisional Criminal Code was promulgated China made perceptible progress in regard to the treatment of crime. But the Code still fails in many respects to conform to the more modern principles of jurisprudence now being applied to the criminal, and the Second Revised Draft, which will, it is hoped, receive the approval of Parliament and Presidential sanction so soon as political exigencies permit, is a serious attempt to amend these defects.

To enter on a detailed examination of the first and second drafts, or to discuss the many points in which the second has corrected the former, would occupy too much space, and hardly

be profitable to the general reader. We many, however, offer a few generalisations.

One of the most important alterations which the revised draft makes in the existing law is contained in Article 2. The law as it stands provides for the retrospective operation of criminal law and bears unfavorably and harshly on the criminal, but in the revised draft provides that when the law in force at the time of the offence is different from the law in force at the time of the trial, the lighter penalty is to be inflicted.

A further step in the direction of considering the criminal rather than the crime are the Articles relating to the mentally diseased. For example, as the law now stands, the insane are exempt from punishment, but no exception is made on behalf of the feeble-minded. In the new draft Article 24 provides that the feeble-minded shall be subjected to suitable restrictions, and that the penalties for their offences shall be reduced.

On the same grounds a difference is made, when estimating the gravity of an offence committed in a state of drunkenness, between involuntary and voluntary intoxication. Involuntary intoxication is a ground for exemption from punishment.

The problem of recidive receives much fuller treatment in the new draft. A distinction is made between special recidive (*i.e.*, repetition of offences of the same nature) and general recidive (*i.e.*, the repetition of offences of a different nature) and provides much severer penalties inflicted for the former, the degree of criminality being greater.

The revised draft lays emphasis on the principle that the determination of punishments should be based on what is known as "Individualisation of Punishment," *i.e.*, each punishment adapted to the condition of each criminal. The judge for example, in Article 62, is specially directed, before passing sentence, to consider the state of the offender's mind at the time that he committed the offence, his motives, his past conduct and general intelligence, and also his conduct subsequent to the offence. Also in the imposition of fines the judge is instructed to consider the economic condition of the offender.

Under the Provisional Code the right of prosecution when barred by prescription begins afresh after each period of interruption. Quite a new principle is introduced in the new revised draft by Article 86. This provides that in case of continuous interruption of proceedings by prescription, prescription shall be deemed to be complete after the expiration of twice the original interruption.

After this cursory review of the principles which underly the new draft we may now roughly classify under three heads the alterations made in regard to specific offences:—

1. *Additions.*—It has been deemed advisable for the better protection of society to specify more offences as punishable. There are new provisions, for example, in the revised draft relating to trade offences, to offences by officials, and to offences against public order.

2. *Repeal.*—On the other hand some things made offences under the Provisional Code have been omitted from the revised draft, for example Articles 206 and 276 in the Provisional Code:—

Article 206. Any police officer or customs officer who, knowing that somebody is manufacturing, keeping, or importing from a foreign land any gun-powder or other explosive substance without having obtained any order, permission, or commission from the authorities, takes no immediate steps to prevent or prohibit such unlawful action, shall be liable to penal servitude for a term of the first or second degree.

Article 276. Any person who plays any game for money shall be liable to a fine not exceeding 1,000 *yuan*, but this shall not be applied to any game played for temporary amusement.

The offence mentioned in the first Article is rather a violation of disciplinary measures than a crime. As regards the second Article it may be noted that to punish "any game" played for money can only lead either to a total disregard of the law, or to an unnecessary disturbance of society.

3. *Modification.*—With regard to the modifications which the revised draft makes in the Provisional Code in order to bring the law into closer conformity to recent developments in criminal legislation I can only refer the reader to the Chapters on Elections, Offences against the Internal security of the State, and Offences against Public safety, as illustrations of what has been done. There are practically similar alterations in every Chapter.

The penalties prescribed for offences in the Provincial Code are, moreover, inconsistent with each other. For example, in the case of intentional homicide the judge is given the widest discretion as to the sentence he may inflict. He may give a sentence of ten years' imprisonment or he may impose the death penalty. On the other hand for the offence of arson, a careful scale of fines is provided, the fine may be as low as one hundred dollars, or as high as a thousand dollars. In the first case the judge is left without guidance, he may choose the lightest or the heaviest punishment, in the second case his discretionary powers are limited to the greatest extent. Again homicide by negligence may, under the Provisional Code, be punishable by fine, or in some unimportant cases by imprisonment. These defects are remedied in the new draft, where adequate and proportionate punishments are provided.

Much more might be said, but it is only necessary to add that the Chinese conception of the family unit has been necessarily adhered to in the preparation of the new draft, and that the penalties provided for offences are in many cases more severe than those provided in other codes. We feel a greater need for repressive measures as deterrents in the present state of Chinese society than is considered requisite in communities where the various institutions are better established.

It should be remembered that, as the French author Garraud has said, the evolution of criminal law has passed through three

stages; the period of expiation, which in Europe continued until the Renaissance, and in China to the end of the Tsing dynasty; the period of humanization (*humanitaire*), which commenced in Europe towards the conclusion of the eighteenth century developed in the early years of the nineteenth, and which dates in China from the 31st year of the reign of Kuang Hsü (in this year all cruel penalties were abolished by an Imperial edict); the scientific period, which dates in Europe from the dawn of the present century, and to which China commenced to approximate with the publication of the Provisional Criminal Code. The revised draft now published is a further proximation in the same direction.

The Lunghai Railway

Mr. O. Visiere, general representative of the *Compagnie Generale de Chemins de Fer et de Tramways en Chine*, who have the agreement for the loan for the construction of the railway known as the Lunghai (that is from Lanchow, in Kansu Province, to Haichow, on the seacoast, in Kiangsu Province, China) writes to the "North-China Daily News" refuting the statements made in the Press to the effect that Japanese interests had been allowed in the railway. He points out if any Japanese surveyors have been on the line it must have been for the purpose of preparing tenders for supplies. It is also stated that all moneys provided for the building of the line have been used for that purpose, and "no squandering of funds even for these purposes—much less for illegitimate purposes—has been allowed or could ever be allowed by the Company." Mr. Visiere also points out that with an amount of about £3,400,000 (this being the net proceeds of the loan) the Company has "bought the Lotung Railway (a concession for about 200 kilometres, of which 50 km. had been constructed and 20 were under construction), and the Tsingkiangpu Railway (12 km. entirely constructed) with rolling stock; we have built, equipped and put into operation about 320 km. of the Lunghai proper and further completed the surveys, maps and drawings for the remaining sections between Sianfu and the sea (1,100 km.), including the Eastern terminus harbour. The net receipts of the sections now in operation are already sufficient to cover the interest on all the Lunghai Bonds issued in Europe."

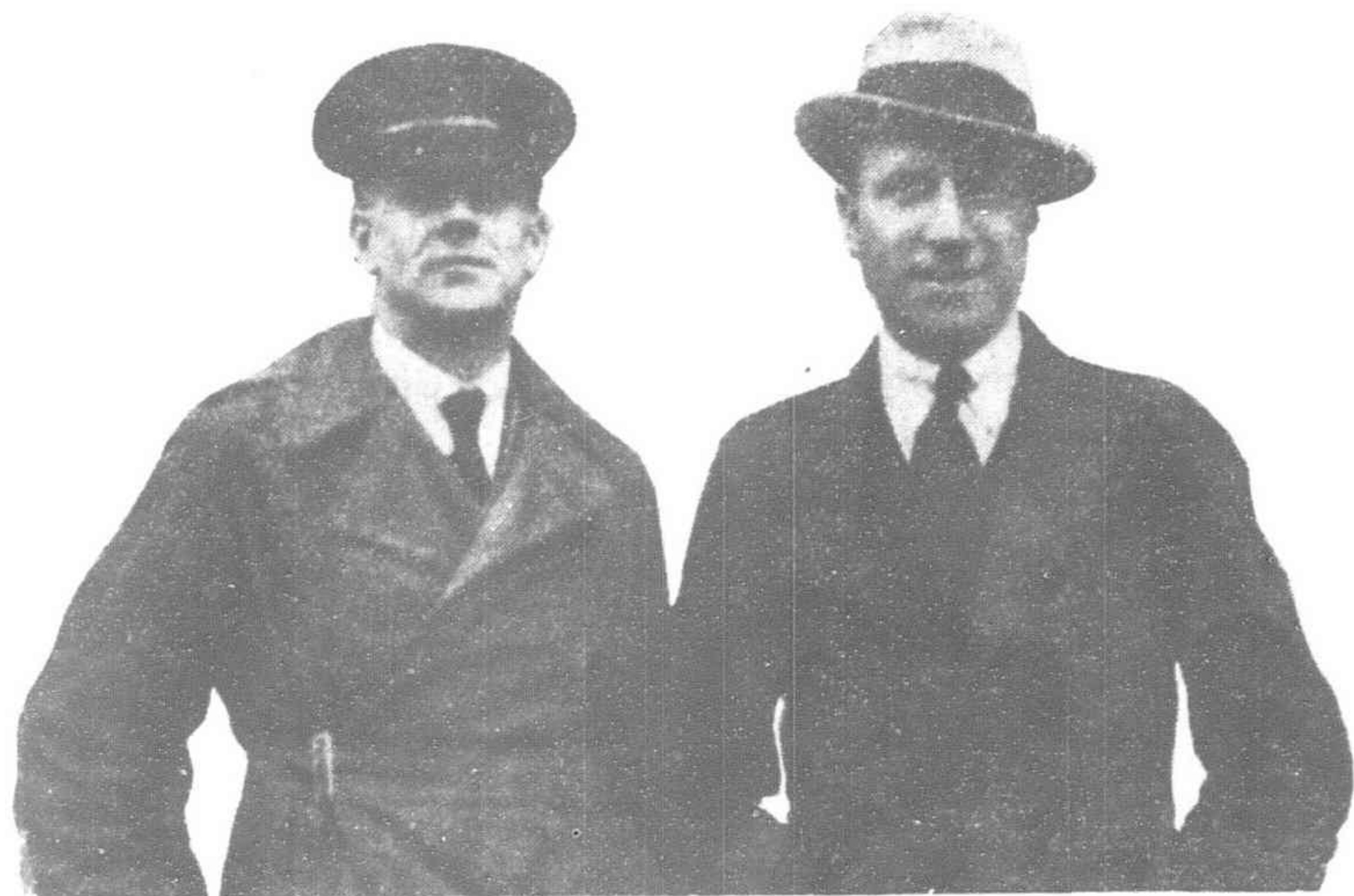
Modern Godowns at Hongkong

Modern concrete godowns of fireproof construction are beginning to take the place of the familiar store-houses of the Chinese treaty ports. Some of these modern structures have been constructed at Shanghai and are now used by hardware merchants and shipping companies. Recently the godown structure in the accompanying illustration was completed at Hongkong for the joint use of the United Asbestos Oriental Agency, Ltd. and Messrs. Dodwell & Co., Ltd. This new building is in the district known as Taikoktsui.



The Trans-Atlantic Flight

We publish in this issue two views of the actual Vickers' Vimy Aeroplane which successfully crossed the Atlantic, from Newfoundland, to Clifden in Ireland on April 12th and 13th. The



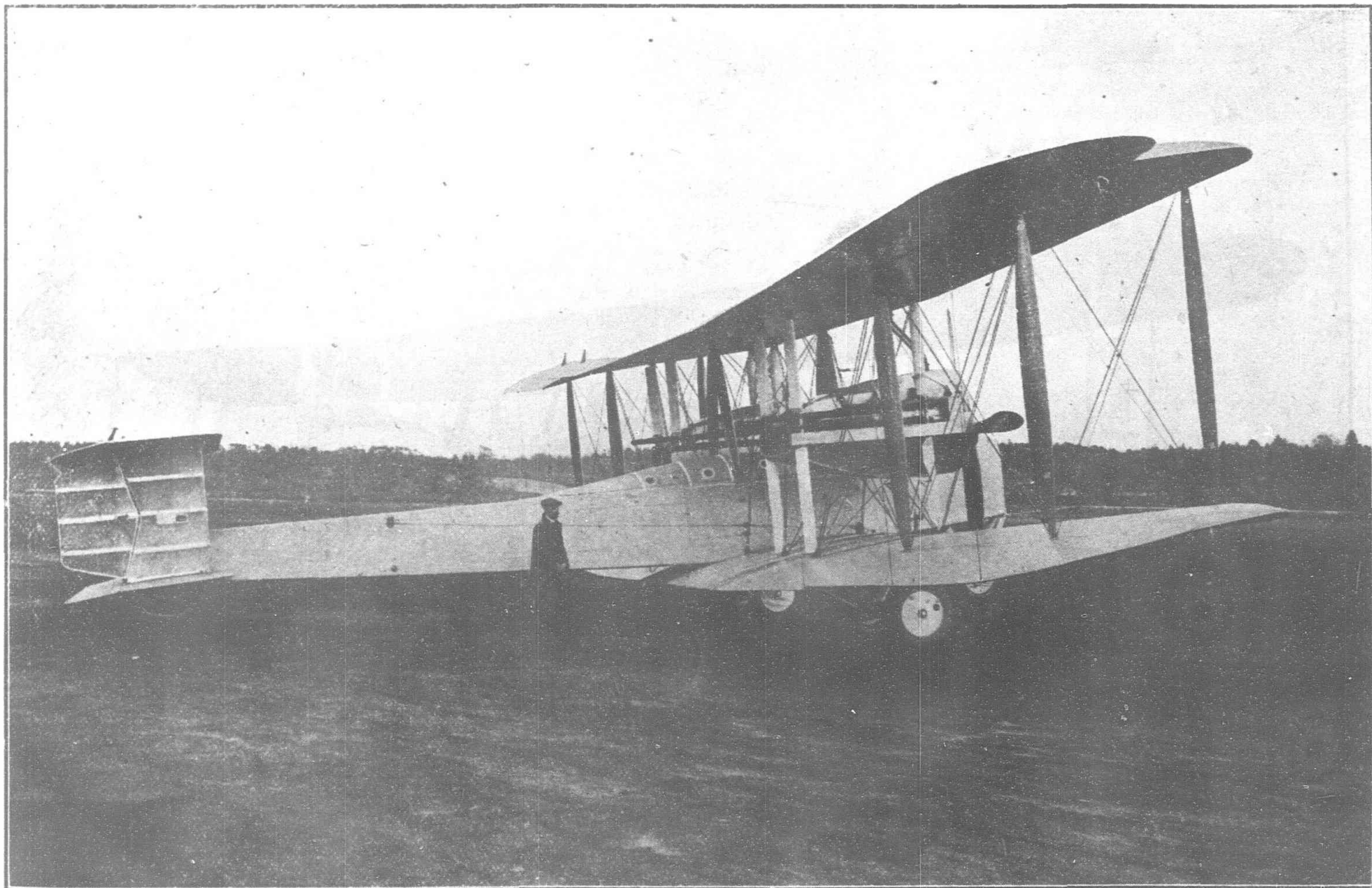
CAPTAIN ALCOCK, D.S.C., PILOT, IN CIVILIAN CLOTHES; LIEUTENANT BROWN, NAVIGATOR, IN UNIFORM

photographs were taken immediately prior to the machine being dismantled for shipment to America, and are the first so far published in the Orient.

Beyond increasing the capacity of the petrol and oil tanks, the machine as illustrated represents Messrs. Vickers standard type of Vimy as supplied to the British Government. As altered for the Trans-Atlantic flight, this aeroplane has a range of 2,440 miles, with a maximum speed of over 100 miles an hour, though during the flight the engines were throttled down to a cruising speed of 90 miles an hour. The dimensions of the machine are, length 42 feet 8 inches, width 67 feet, and width of planes 10 feet 6 inches

The prime object in the Vimy construction, was to design an aeroplane which would carry a useful load of over 5,000 pounds with the smallest possible dimensions, and yet with a high factor of safety. That this has been accomplished to a remarkable degree of excellence, is proved by the fact that the flight across the Atlantic was made almost entirely through fog, without any means of communication with the outside world, and on several occasions in an upside down position. The streamline tie rods, and external bracings, as shown in the illustrations are all of high tensile round steel rod, no looped wires or ferrules being used.

The engines are two Rolls Royce standard 350 H.P. engines, fitted with compensating devices on the controls, so that the machine can be flown "hands off" at any speed, either climbing, gliding, or level. The slow and landing speed is 45 miles an hour. The speed with one engine is 70 miles per hour, therefore failure of one engine means only a reduction of speed, and not a forced landing. In being the first successfully to cross the Atlantic, with their now famous Vimy, Messrs. Vickers have maintained, and reasserted their position, as one of the greatest engineering names in the world. The Pilot and Navigator, whose photographs are



SIDE VIEW SHOWING STREAMLINE AND EXTERNAL BRACING OF ROUND STEEL RODS

here also published for the first time in the Orient, have since received suitable recognition at the hands of H.M. King George, for their great share in what must constitute one of England's greatest glories.

The Pilot, Captain J. Alcock, D.S.C., was born at Manchester in 1892, and received a technical engineering education at the Empress Motor Works in Manchester. He became interested in aviation in its early days, and adopted it as a profession. He took his Flying Certificate of the Royal Aero Club, at Brooklands, in 1912, and rapidly rose to the head of his profession, taking part in a number of early competition flights, among others being the well remembered race London to Manchester return in 1913 in which he secured second place. On the outbreak of war he immediately joined up with the R.N.A.S. and was posted to Eastchurch as an instructor, and later he became Chief Instructor of the Aerobatic Squadron. He did valuable work on the Turkish front where he won his D.S.C. and held the record for long distance bombing raids into Turkey. He was eventually captured by the Turks on account of an engine failure, and remained a prisoner until the end of the war.

The Navigator, Lieut. Arthur Whitten Brown, A.M.I.E.E., M.I.M.E., etc., was born in Glasgow in 1886 of parents who were American citizens. He is an engineer by profession and received his practical training with the British Westinghouse Company, now allied to Messrs. Vickers Limited. He received a thorough knowledge of surveying, and being interested in aviation, devoted much study to aerial navigation as applied to surveying. He enlisted in the British Army in 1914 and soon received his commission in the 2nd Battalion Manchester Regiment, with whom he served in France in 1915. He then transferred to the Flying Corps as an observer, was wounded and taken prisoner, was repatriated in 1917, and has since been engaged by the Ministry of Munitions on the production of aero engines. He has had considerable flying experience, and is himself a pilot of no mean ability, having flown many types of aeroplane. Lieut. Brown.

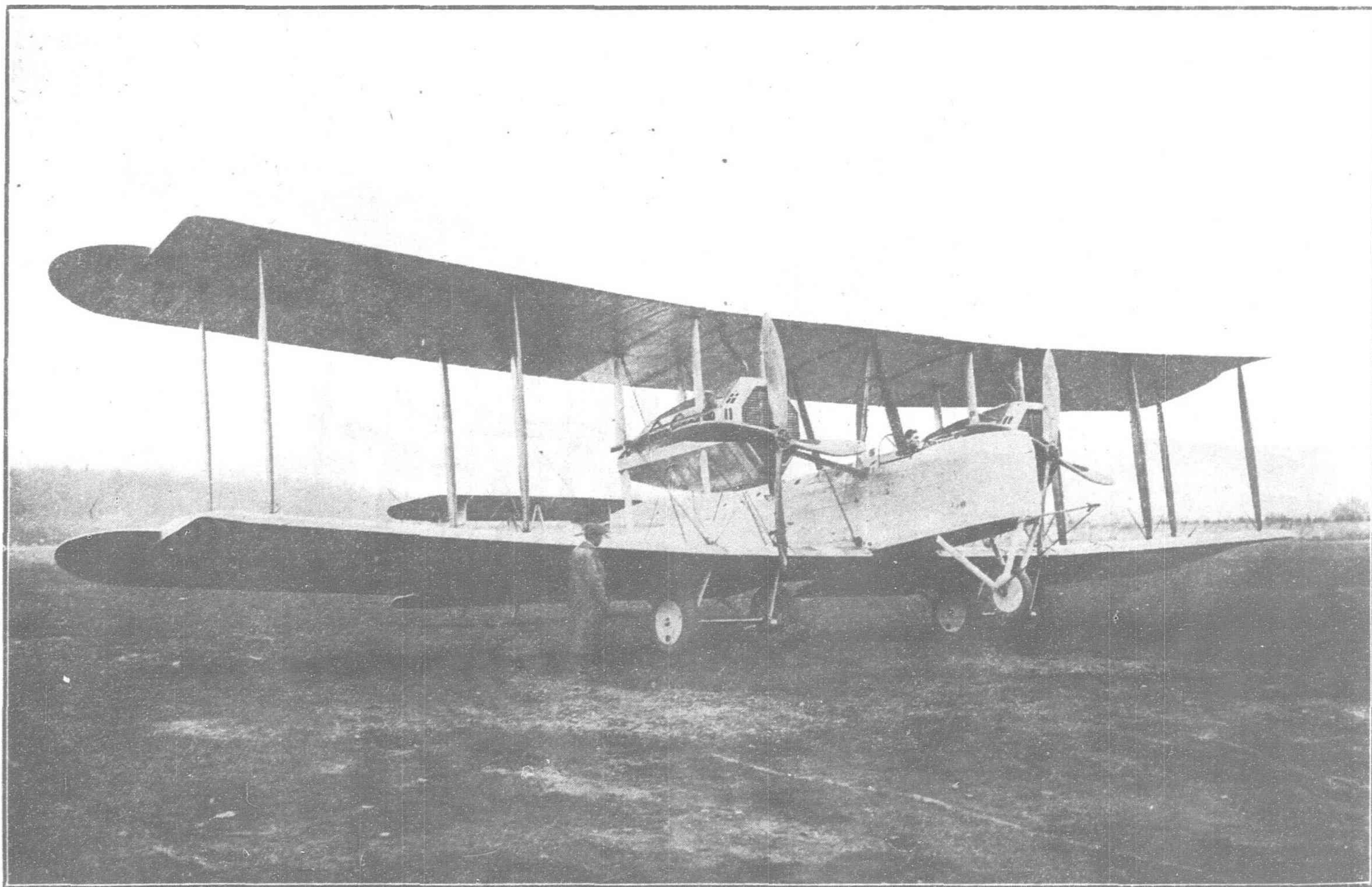
after very severe duration tests of the Vimy, expressed his conviction that this would be the successful machine, as it eventually turned out to be.

Chinese Mining Corporation, Ltd.

A new Corporation has been formed under the title of the Chinese Mining Corporation, Ltd., as the result of an Agreement signed last year between Mr. Hsiung Hsi-ling, representing Chinese interests, and Mr. T. A. Barson, Chairman of the Pekin Syndicate, Ltd. The provisional capital is \$200,000 in 2,000 shares of \$100 each, both parties subscribing equally in cash. There are six Directors, the three Chinese being Mr. Hsiung Hsi-ling, Mr. Pan Fu, and Mr. Liu Peh-shen. The British are represented by Mr. T. A. Barson, Mr. J. P. Kenrick, and Mr. G. W. Frodsham, Chairman, Agent General, and Assistant Agent-General respectively, of the Pekin Syndicate. All Directors have equal voting power, an innovation for Foreign-Chinese working that proves great confidence on both sides, and one that speaks well for the experience of the party connected with the Fu Chung Corporation.

The scope of the Chinese Mining Corporation is practically unlimited, but we understand the first objective is the preliminary investigation and exploitation of mining and other concessions joint account with the Chinese, previous to flotation. With the powerful backing of the British coupled with the influence of the group of Chinese connected with the influence of the group of Chinese connected with the concern, its future will be watched with more than ordinary interest.

The offices of the Company are with the Pekin Syndicate Peking, where are also the quarters of the Marconi Co., Handley Page, Ltd., Siemens Brothers, Ltd., and The Relay Automatic Telephone Co., agencies recently started by the Pekin Syndicate, and which are proof of the energies displayed by this Company.



SHOWING METHOD OF ENGINE SUSPENSION AND LANDING CHASSIS

ENGINEERING, FINANCIAL, AND INDUSTRIAL NEWS

RAILWAYS

South Manchuria Railway Dividend.—The 18th general meeting of shareholders of the South Manchuria Railway Company was held in June, when the following account for the latter half term of last year was declared and approved:—

| | Yen |
|---|------------|
| Net profit | 22,193,171 |
| Brought over from previous term | 7,905,707 |
| Total | 30,098,899 |
| Legal reserve | 1,109,658 |
| Dividend on shares held by the Government | 3,500,000 |
| Dividend (6 per cent. per annum) | 3,120,000 |
| Special dividend (4 per cent.) | 2,080,000 |
| Special reserve | 5,000,000 |
| Reserve for redemption of debentures | 7,000,000 |
| Bonuses | 300,000 |
| Allowances to retiring officials | 170,000 |
| Carried forward to next term | 7,819,241 |

Railway Receipts in Japan.—Receipts of the Government Railways during May last totalled Yen 4,261,222 from passengers (6,601,616 in number) and Yen 3,538,905 from freights (1,624,988 tons in weight) making a total of Yen 7,800,127. Compared with the corresponding month of last year the income from passengers shows an increase of Yen 1,024,223 and that from freights Yen 748,323.

Receipts of S. M. R.—The receipts of the South Manchuria Railway Company during June last amounted to Yen 4,614,769, representing an increase of Yen 1,140,361 or 24.7 per cent. as against the corresponding month of last year. The income from passengers (617,817 in number) amounted to Yen 857,570, that from freights Yen 3,423,188, and that from warehouses Yen 79,711.

Through Traffic Arrangements in China.—The Railway Through Traffic Administration has published a booklet giving general information concerning the Chinese Government Railways and through traffic arrangements. It is hoped that the booklet will be instrumental in promoting and encouraging traffic between China and Japan, and for this purpose it gives a great deal of information in both English and Chinese.

Shanghai Tramway Shows Growth.—At the meeting of the Shanghai Tramways in London, in June, it was shown that passengers carried in 1918 numbered 76,683,690, an increase of 5,222,108 over the figures for preceding year. The gross traffic receipts were given as \$1,720,822, an increase of \$107,190 over 1917. The report announced that fifteen trailers and seven railless cars were to be put in service as soon as practicable, bringing the rolling stock up to 90 motor cars, 85 trailers, and 14 railless cars. The accounts show a profit of £71,537 7s. 3d., which compares with £67,504 5s. 6d. for 1917. Including £14,264 2s. 11d. brought

forward from the preceding year, the total credit before making appropriations was £85,801 10s. 2d. An interim dividend of 5 per cent. (less income tax) accounted for £16,000 and a final dividend of 5 per cent. (less income tax), making 10 per cent. for the year, plus a bonus of 5 per cent. (less income tax), accounted for a further £32,000. The amount carried forward, after putting £10,000 to reserve for renewals and applying £8,000 to the extinguishing of preliminary expense accounts, was £19,801 10s. 2d., which is subject to excess profits duty.

Shanghai Tramways.—The following tables give the earnings for June and for the six months ended June 30, 1919:—

| | Gross Receipts | Loss by currency depreciation | Effective Receipts |
|------------------|----------------|-------------------------------|--------------------|
| June, 1919 | \$158,829.77 | \$39,667.99 | \$119,161.78 |
| 6 months | 966,341.11 | 237,024.07 | 729,317.04 |

Effective receipts for June compare with \$104,276.08 for June, 1918, while the effective receipts for the six months period compare with \$634,348.61 during the same period in 1917. Recent weekly figures were as follows:—

| Week ending: | Gross Receipts | Loss by currency depreciation | Effective Receipts |
|---------------|----------------|-------------------------------|--------------------|
| July 2 | \$36,357.95 | \$9,059.84 | \$27,298.11 |
| July 9 | 37,067.34 | 9,303.54 | 27,763.80 |
| July 16 | 39,959.81 | 10,080.95 | 29,878.86 |
| July 23 | 39,810.91 | 10,044.60 | 29,044.60 |

SHIPPING

Dollar Line to East Coast.—The Dollar Line will transfer its fleet in the Oriental service to New York, as high trans-continental freight rates now make it profitable to use the Atlantic seaboard for shipments destined to the Far East originating as far west as Omaha.

Pacific Mail to Add to Fleet.—The Pacific Mail Steamship Company have drawn up plans for four big trans-Pacific steamers with a capacity of 300 first class and 150 second-class passengers and 12,000 tons of cargo. The Company plans a weekly service to the Orient with these vessels and four others which it hopes to purchase from the Government. The present fleet may be continued as intermediate steamers or be placed on the run to Indian ports.

Japanese Steamers Chartered to America.—Twenty-one of the twenty-three steamers chartered by Japan to the American Government have now been returned to Japan. The other two were lost at sea. The charters ranged from 81 days to 383 days, the charter rate being 40s. 6d., or about Y.20 per ton. The total tonnage of the steamers was 151,293, and the total charter money paid by America was Y.28,745,670. In addition to this

the owners were paid Y.8,500,000 by the Japanese Government, to make up the difference between the amount asked by the owners and that offered by the American Government. The owners refused to charter at the American rate on the ground that higher rates were obtainable in Japan. The Japanese Government had to step in and pay the difference so that the Japanese mercantile marine could be credited with having helped to win the war.

Admiral Line to Open in Shanghai.—The Admiral Line, an American concern, will shortly open offices in Shanghai. Offices have already been opened at Manila, Hongkong, Singapore, Kobe and Vladivostok. The Admiral Line is a consolidation of several shipping companies operating on the Pacific Coast of the United States, and owns 37 ships which are now being operated on the Pacific Coast. Thirty-five steamers have been assigned to the line by the U. S. Shipping Board and are running on various routes out of Seattle and Portland. The Board has allotted the Company seven 10,000-ton steamers for operation between Seattle and Portland and the Far East. A monthly service to Puget Sound and a six-week service to Portland will be maintained. Passenger ships will be operated at a later date.

International Steamship Company.—The establishment of the Kokusai Kisen Kaishiki Kaisha (the International Steamship Company) has at last been decided upon and the first general meeting has been held. The company is capitalized at 100 million yen divided into 2 million shares, which have all been taken up by the promoters. A quarter of the capital was paid in simultaneously with the establishment and the second (Yen 18,750,000) and third (Yen 43,700,000) installment capital are to be paid on August 1, and February 1 next year. The company will issue debentures for Yen 62,500,000 and in addition raise a loan amounting to 25 million yen.

O. S. K. Steamers to Call at Celebes.—The Osaka Shosen Kaisha has decided to add Menado, in Celebes, to the ports of call for steamers on the Australian line. The new call will come into effect with the *Nanking Maru*, which is sailing towards the end of next August.

N. Y. K. Proposes Building Big Ships.—The Nippon Yusen Kaisha is considering the construction of 30,000-ton passenger liners for either the American or European run, as the shipping situation may make advisable at a later date.

T. K. K. Will Build Liners.—The Toyo Kisen Kaisha has decided to build two great liners of 30,000 tons each to be used between Hongkong and San Francisco. They will have a high speed and are to be used almost exclusively for passengers.

HARBORS, DOCKYARDS, ETC.

Work to Begin at Pukow.—It is anticipated that within a very few months it will be possible to start work on the town of Pukow (the port on the Yangtze opposite Nanking and the terminus of the Tientsin-Pukow Railway), which it is hoped to lay out as a model city. Besides being a port, Pukow promises to be one of the greatest railway centres in China, and taking warning from the haphazard development of a place like Shanghai the Chinese determined that it should be planned on a generous scale. The work of laying out the town is expected to take four or five years, and then we are promised a most interesting experiment in municipal government in China. It is proposed to run the municipality by a council composed half of Chinese and half of foreigners.

Improvement of Vancouver Harbor.—The Canadian Government has decided to appropriate G.\$5,000,000 for the purpose of extending Vancouver harbor. Work will include a large embankment, wharves and lighthouse near the English Bay shore and the western end of the harbor. Two wharves will also be built near the existing wharf at Parade Inlet.

Pearl Harbor Dry Dock Completed.—The new dry dock in the naval port of Pearl Harbor, Hawaii, was completed in July and the dock will be ready for service in August.

Dairen a Free Port.—It is reported that the Kwangtung Government has decided to abolish the status of Dairen (Dalny) as a free port.

SHIPBUILDING

Shanghai Dock and Engineering Co.—Net profits for the year ended April 30, 1919, including the amount brought forward, after paying an interim dividend in March last of Tls. 5 per share, accounting for Tls. 276,000, writing off Tls. 80,000 from stock account, paying all charges, and allowing for all known liabilities, amounted to Tls. 770,334.16. This amount will be absorbed by a dividend of Tls. 9 per share (making 14 per cent. for the year), accounting for Tls. 496,800; by special reserve fund to the amount of Tls. 150,000; by depreciation fund to the amount of Tls. 77,332.18; and Tls. 46,201.98 will be carried forward.

Japanese Shipbuilding.—During the month of June twelve steamers of over 1,000 tons were launched in Japan, the total of such tonnage being 53,830 tons. From the beginning of the year to the end of June 69 steamers were launched with a total tonnage of 293,433 tons. This is a decrease in number but an increase of 64,218 tons as compared with the corresponding period of the previous year.

Shipbuilding in Kawasaki Dockyard.—Between the latter half of the present year and the end of 1920, the Kawasaki Dockyard plans for the construction of one cruiser, three special-service ships, and two torpedo-destroyers to the order of the Naval Department and of five steamers in exchange for American iron, and another thirty steamers of 9,100 and 6,800 tons. Of these thirty steamers, nineteen will be launched during this year.—“Japan Chronicle.”

Osaka Shipyard.—The Osaka Shipyard incurred a net loss of Y.3,606,727 during the past business term, although it paid a dividend of 30 per cent.

for the term preceding. The business has been reorganized, and the management hopes for a dividend of 50 per cent. for the next term, when it is proposed to enter the trawling business. The Bingo Dockyard will be taken over by the Osaka Ironworks; its capital is Y.600,000, and the dockyard will pay a dividend of 120 per cent.

Kawasaki Dockyard.—A general meeting of shareholders of the Kawasaki Dockyard Company was held on June 24 when the following report was submitted and approved:

| | Yen |
|--|------------|
| Net profit | 10,300,000 |
| Brought over from previous term | 1,380,000 |
| Total | 11,690,000 |
| Reserves | 3,071,900 |
| Fund for assurance of lives of employees and allowance for retiring officials... | 250,000 |
| Educational fund | 250,000 |
| Scholarship fund | 250,000 |
| Reserve for equalization of dividend | 1,206,000 |
| Dividend (40 per cent. per annum) | 4,824,000 |
| Bonuses | 440,000 |
| Carried forward to next term | 1,398,000 |

INDUSTRY

Lih Teh Oil Mill Co.—The ninth annual general meeting of the Lih Teh Co., Shanghai, has been held, at which a dividend of 15 per cent. was paid on the year's workings, accounting for Tls. 39,000. The chairman stated that the demand for oils until April, 1919, was poor and high exchange and other factors made business very difficult. For the first time in many years' experience cottonseed was of good quality and was purchasable in good condition. Supplies of seed were large and the market was a steady one, the mill having been run entirely on cottonseed since October. Reserve account was credited with Tls. 25,000, depreciation account with Tls. 25,000 (bringing it up to Tls. 50,000), and Tls. 1,900 was written off for bundings and jetties.

Boycott Starts Industrial Boom.—The boycott movement has brought about an industrial boom in China. Chinese industrial operators are beginning to expand their plants for the purpose of supplying goods formerly bought of Japan. A new mill, for the manufacture of fine thread, is proposed for Shanghai, with a capital of \$1,600,000, and steps are being taken for enlarging native spinning and weaving plants. Chinese makers of matches, umbrellas, clocks and hosiery are being swamped with orders. The construction of many new spinning and weaving mills under Chinese ownership is looked for in the Yangtze Valley.

Another Spinning Mill for Osaka.—The Osaka Spinning Company, with a capital of Y.3,000,000, divided into 60,000 shares, has been organized in Osaka. The mills will have about 20,000 spindles.

Chinese Spinning Mill for Shanghai.—The Hung-yuan Cotton Mill, Markham Road, Shanghai, now operating 40,000 spindles, will add 15,000 spindles to its plant. The Company's capital has been increased by a million taels for the purpose. The spindles will be used on spinning the finer yarns formerly bought in Japan, and 100 looms will be added at the same time. Messrs. Arnhold Bros. & Co. and Jardine, Matheson & Co. secured the order, delivery of which will be made in ten months.

Fuji Spinning Company.—At an ordinary general meeting of shareholders of the Fuji Spinning Co. the following business report for the latter term of last year was submitted and approved:—

| | Yen |
|---|-----------|
| Net profit | 5,900,409 |
| Brought over from previous term | 3,246,424 |
| Total | 9,146,831 |
| Legal reserve | 295,000 |
| Reserve for the equalization of losses... | 295,000 |
| Special reserve | 1,000,000 |
| Fund for relief of employees | 295,000 |
| Bonuses for officials | 295,000 |
| Bonuses for Directors | 295,000 |
| Dividend (50 per cent. per annum) | 3,250,000 |
| Carried forward to next business year... | 3,421,831 |

Japan Sugar Manufacturing Co.—The Dai Nippon Sei-to Kaisha (Japan Sugar Manufacturing Co.) held the 47th ordinary general meeting of shareholders on June 15. On that occasion the following business accounts for the term were declared and approved:—

| | Yen |
|---|-----------|
| Net profit for the term | 5,577,507 |
| Brought over from previous term | 1,014,025 |
| Total | 6,591,534 |
| How disposed of: | |
| Legal reserve | 270,000 |
| Special reserve | 600,000 |
| Sinking fund for depreciation of properties | 250,000 |
| Pension and relief fund for employees... | 100,000 |
| Bonuses for directors, etc. | 400,000 |
| Special bonuses for directors, etc. | 400,000 |
| Dividend (10 per cent. per annum) | 706,205 |
| Special dividend (13 per cent. per annum) | 918,125 |
| Commemoration dividend for the tenth anniversary of inauguration of President Fujiyama (27 per cent. per annum) | 1,906,875 |
| Carried over to next term | 1,040,284 |

Celluloid Industry in Japan.—The war is responsible for the establishment of the celluloid industry in Japan, or rather for its prosperity. In 1914 the output was 525,826 lbs. valued at Yen 522,344. In 1915, 968,694 lbs. valued at Yen 928,982. In 1916, 1,808,440 lbs., valued at Yen 2,140,292. In 1917, 3,067,905 lbs. valued at Yen 4,434,259. In 1918, 3,240,454 lbs., valued at Yen 5,190,408. The increase in 1918 over the previous year was not so great owing to the decrease in the production of camphor.

Tokyo Steel Co.—The Tokyo Seiko Kaisha (Tokyo Steel Co.) held an ordinary general meeting of shareholders on June 16 when the following accounts for the latter term of last year were declared and approved:—

| | Yen |
|---------------------------------|-----------|
| Net profit | 1,493,906 |
| Legal reserve | 100,000 |
| Special reserve | 100,000 |
| Bonuses for officials | 29,000 |
| Redemption fund | 204,710 |
| Balance | 1,060,199 |
| Brought over from previous term | 628,883 |
| Total | 1,689,082 |
| Dividend (30 per cent.) | 1,050,000 |
| Carried forward to next term | 639,082 |

Sugar Manufacture in Formosa.—According to the latest investigation the amount of sugar manufactured in Formosa for the first half of 1919 was 4,412,000 piculs, representing a decrease of 561,000 piculs under last year's returns in the same period.

New Electric Plant for Soochow.—The Soochow Electricity Company, said to be a Japanese firm, has been held in ill favour by Soochow Chinese, who have joined in the boycott against the patronage of Japanese industries. A new Chinese company is being organized, with a capital of \$300,000, divided into 15,000 shares of \$20 each, for the construction of a new plant.

New Thread Mill for Shanghai.—To meet the demand for thread in China, which is no longer supplied by Japanese mills because of the boycott, Mr. Wu Lin-shu and some of his friends are organizing a company to be called the Tungyi Cotton Thread Manufacturing Co., with a capital of Tls. 400,000, for the erection of a mill in Shanghai.

Nippon Woollen Mill.—The Nippon Woollen Mill, of Kobe, has decided to increase its capital from ten to twenty million yen. From total profits of Y.4,767,103 it will pay a dividend of 20 per cent. ordinary and 30 per cent. special accounting for Y.2,500,000, on its last term.

Kanegafuchi Spinning Company.—At a general meeting of shareholders held in July the following accounts were submitted:—

| | Yen |
|--|---------------|
| Net profit | 10,139,392.67 |
| Brought over from previous term ... | 4,380,752.09 |
| Total | 14,520,144.76 |
| Ordinary dividend (20 per cent. per annum) | 1,578,697.00 |
| Extraordinary dividend (50 per cent. per annum) | 3,946,742.50 |
| Reserves | 2,500,000.00 |
| Allowance for retiring officials ... | 200,000.00 |
| Fund for the promotion of welfare of employees | 1,000,000.00 |
| Educational fund | 200,000.00 |
| Special allowance to employees ... | 350,000.00 |
| Bonuses | 300,000.00 |
| Carried forward to next term ... | 5,244,705.06 |

CONSTRUCTION

Dollar Company to Build in Shanghai.—The Robert Dollar Company has purchased the land and buildings on Canton Road between the Union Building and the godowns of Messrs. Mackenzie & Company from Messrs. Collins & Co., Ltd. No definite announcement as to the future of the property is made by the Dollar Company. The firm plans a modern office building for Shanghai but may select another suitable site.

New Drug Firm to Build in Shanghai.—The American Drug Company, a newly organized Shanghai firm, proposes to construct laboratories on a site of about 3 acres adjoining their present laboratories on Ward Road. The first building will be a three-story affair 120 by 80 feet.

House Building in Hongkong.—The Hongkong Government proposes the erection of flats and an hotel in Kowloon, at an estimated expenditure of \$1,500,000 local currency. Funds will be provided from profits realized on the local shipping control scheme.

Shanghai Race Club to Rebuild.—A plan for rebuilding the Shanghai Race Club embraces the destruction of all the buildings and the erection of a series of new buildings. The only buildings

which will be retained are those along Mohawk Road and possibly the present public stand. The new club buildings will be of the latest type.

MISCELLANEOUS

Japanese Telephone Installations.—The Communications Department of the Japanese Government is now accepting emergency orders for telephone connections, for a fee of Y.500, from those who do not wish to be put on the waiting list or do not wish to spend several thousand yen for securing an installation from telephone brokers. Six thousand phones will be installed on emergency orders, and 30,000 applicants are expected. The phones will probably be distributed by drawing lots.

Big Realty Deals in Shanghai.—Sales of lands and buildings, which total over a million and a half taels, have been made in Shanghai. The transfers include 41 pieces of property in the French Concession which were formerly owned by enemy subjects and three valuable locations in the International Settlement. Sales of enemy property in the French Concession realized Tls. 1,074,634. The most important is the property of C. Melchers, on the French Bund, which was purchased by Messrs. Olivier & Co. and the Banque Industrielle de Chine for Tls. 500,000.

Textile Machinery Imports into China.—Total imports of textile machinery in 1918 were Tls. 1,715,000. Of this total Great Britain supplied Tls. 669,000, Japan Tls. 643,000, Canada Tls. 221,000 and the United States Tls. 159,000. The percentages were: Great Britain 39.2 per cent.; Japan 37.4 per cent.; Canada 12.9 per cent.; and the United States 9.3 per cent. Total imports of all kinds of machinery into China in 1918 were Tls. 7,655,000.

High Prices and Wages in Tokyo.—A certain foreigner, a resident in Tokyo for many years and connected with Y.M.C.A., has recently stated the increasingly high cost of living in Tokyo, viewed from his own experience. According to him, prices and wages in Tokyo have now gone up as much as 109 per cent. on an average as compared with the pre-war days. Among others, coal rose by 200 per cent., and even sugar, which is said to be the slowest in rising, went up by 47 per cent. Pork rose by 180 per cent., rice by 178 per cent., beef by 160 per cent., potatoes by 150 per cent., eggs, chickens, flour, fruits, vegetables, canned foods, clothing and shoes by 80 per cent., ricksha fares by 75 per cent., and milk and butter by 71 per cent. Again, the expenses in his household during four months, from January to April of this year, showed an increase by 100 per cent., as compared with the same period of 1916, other family circumstances being unchanged. The items are shown as follows:—

| | During 4 months 1919 | During 4 months 1916 |
|--------------------|----------------------|----------------------|
| | Yen | Yen |
| Food-stuffs | 273.56 | 86.60 |
| Fuel | 214.23 | 96.00 |
| Meat | 56.64 | 26.96 |
| Milk | 84.20 | 69.60 |
| Vegetables | 31.32 | 12.6 |
| Fruits | 55.92 | 20.46 |

Populations of Japanese Cities.—It is officially announced that at the end of last year the populations of the six largest cities in Japan were as

follow:—Tokyo 2,331,860; Osaka 1,633,338; Kyoto 668,930; Kobe 591,193; Yokohama 446,097; Nagoya 433,701. Osaka increased by 75,352; Kyoto by 15,185, Kobe by 33,074 and Nagoya by 13,953 while Tokyo decreased by 75,352 and Yokohama by 14,213. The population of Japan, exclusive of Korea, Taiwan and Karafuto, stood at 57,784,935 at the end of December last, exclusive of troops and bluejackets on the active list, and of prisoners.

Water Power for Osaka.—Hydro-electric generating plants planned for the Osaka neighbourhood would reach a total production of 400,000 kilowatts. The consumption at present is 110,000 kilowatts, but if the present rate of increase continues the demand will reach 430,000 kilowatts by 1923.

Campaign for American School.—A fund is being raised in China by subscription to be applied to the cost of erecting a school for American children in Shanghai. Tls. 250,000 is to be raised in China and G.\$250,000 is to be secured in the United States. Of the latter amount G.\$135,000 has already been pledged. An attractive booklet is being circulated showing the need of a school for American children in China, pointing out that the Americans have done much to further the cause of education among Asiatic people while overlooking their own children, and calling attention to the educational institutions built and supported by British, French and Japanese communities for their own children.

Aeroplanes for Philippines.—Forty aeroplanes, 146 Liberty flying motors, and a large quantity of air service equipment and hangar building material have been received by the U.S. Army in Manila. The 40 machines are of the De Havilland type, two-seater fighting service planes and day and night bombers. The Liberty motors are of 425 horse-power.

COMMERCE

The Trade of Sinkiang.—The total value of the import and export trade during 1917-18 amounted to 68,530,006 rupees. The year is the highest in the history of this trade, and exceeds the previous total by more than 29,000,000 rupees. Trade by this route exceeded the total value of the trade with Persia and Afghanistan by the Nushki route. The chaos produced by the revolution in Russia spread by degrees to every corner of the Russian Empire and now the Andijan-Kashgar road by which Russian goods came to Kashgaria is closed to trade. India, via Leh, is for the moment the only avenue of approach for foreign goods to Chinese Turkestan. The prospects for the future involve the question of transport. The lofty desert route, which before the war had just enough transport to carry the trade, is now without sufficient transport to cope with present increasing volume. Practically the whole of the transport animals, formerly employed on the Kashgar-Andijan road, have been brought to Yarkand to work on the Leh route, and it is anticipated that sufficient transport to meet the increased demand will now be available on this portion of the route. In exchange for opium, quantities of silks from Soochow and Hangchow, brick tea from Szechuan and silver shoes are being brought into Urumtchi. Chinese silks are largely replacing Russian cotton goods for purposes of apparel. Silver ingots are so plen-

tiful that, weight for weight, their price is about 3 per cent. below that of the tael-coins (containing alloy). A quantity of Japanese goods such as china, needles, matches, cutlery and inferior dyes are being imported through China.

American Chamber of Commerce for Peking.

An American Chamber of Commerce has been formed at Peking by representatives of American firms. Mr. H. G. Faxon, of Andersen, Meyer & Co., is president; Mr. Harry F. Payne, of the American Bank Note Co., Secretary; Mr. A. C. Williams, of the American Trading Co., Treasurer; and Mr. C. R. Bennett, of the International Banking Corporation, Treasurer. The Executive Committee consists of the President, the Secretary, Messrs. T. J. N. Gattrell, of the Siems-Carey Co., and W. B. Christian, of the China-American Trading Co.

Japanese Piece Goods.—Japan had 38 mills on the list of the Japan Cotton Spinners' Association in October, 1918, with nearly three million spindles working 22 hours per day in two shifts and 320 days per annum. The production of yarn per month is 61 million pounds average counts 22.4; the wages average about thirty shillings per head per month. The cotton consumed is nearly two million bales per year, three-fourths of which is Indian, the remainder being China and American, and also a small quantity of Egyptian.

The Japanese Authorities are conducting investigations with a view to growing their own supplies of raw cotton, as experiments show the southern part of Korea and parts of Formosa produce a quality of cotton suitable for their requirements.

The Bombay manufacturers are complaining about the competition of the Japanese, and especially of the large increase of cloth they have lately sent to India. The war gave Japan this opportunity, and in a short time it may be much reduced, as freight room becomes more plentiful, with lower rates of freight and insurance.

Japan's Foreign Trade.—The Japanese imports and exports for the first-half of the year 1919 are as follows:—

| | |
|---------|----------------|
| Exports | Y. 826,057,000 |
| Imports | 1,049,332,000 |
| Total | 1,875,390,000 |

The total for the same period in 1918 was Y.1,735,474,000; the 1919 figures thus showing a gain of Y.69,998,000 in exports and Y.209,915,000 in imports. The 1919 exports were classified as follows:—

| | |
|-------------------|---------------|
| Foodstuffs | Y. 49,344,162 |
| Raw materials | 29,667,208 |
| Half-manufactures | 262,194,524 |
| Manufactures | 322,389,061 |
| Imports were:— | |
| Foodstuffs | Y.137,709,336 |
| Raw materials | 478,906,829 |
| Half-manufactures | 152,764,494 |
| Manufactures | 98,072,575 |

MINING

New Coal Company for Hokkaido.—A new company known as the Hokkaido Coal Mining Company, with a capital of Yen 3,000,000, has been formed for operation in Hokkaido, Japan. The inaugural meeting was held in Tokyo early in July.

Kerosene Production in Japan.—The output of kerosene oil in Japan is showing a gradual decline. The total amount produced during the fiscal year 1918 which ends on March totalled 2,147,770 koku, showing a decrease of 377,095 koku as against the preceding year. Details are as follows:—

| | koku |
|--------------------|-----------|
| Niigata Prefecture | 1,302,905 |
| Akita | 835,492 |
| Yamagata | 247 |
| Shizuoka | 1,373 |
| Nagano | 181 |
| Hokkaido | 7,572 |

Seoul Mining Company.—The Suan mill during the month of June crushed 5,310 tons of ore for a total production of Y.58,110. Developments continue satisfactorily at the Tulumchung and Tong Ahm mines and the overhauling of the Tulumchung mill has been completed preparatory to early resumption of milling operations.

Japanese Mineral Output.—According to investigations made by the Department of Agriculture and Commerce the amount of chief minerals produced during May last are as follows:—

| | May, 1919 |
|-----------|--------------------|
| Gold | 16,326 momme |
| Silver | 3,643,731 momme |
| Copper | 10,411,532 kin |
| Iron | 5,616 French tons |
| Coal | 2,281,714 " |
| Petroleum | 100,718 koku |
| Sulphur | 4,330 French tons |
| | Jan-May, 1919 |
| Gold | 776,437 momme |
| Silver | 17,161,846 " |
| Copper | 51,953,326 kin |
| Iron | 28,065 French tons |
| Coal | 10,819,959 " |
| Petroleum | 768,927 koku |
| Sulphur | 16,477 French tons |

Japanese Coal Trade.—According to investigations made by a certain mining guild, the total volume of coal exported or imported during March last amounted to 144,509 tons and 86,996 tons respectively. The amount exported or imported during the three months ended March last was 412,892 tons and 217,252 tons respectively. Details of exports and imports during the three months in comparison with those for two preceding years are as follows:—

| | EXPORTS. | | |
|------------|----------------|----------------|----------------|
| | Jan.-Mar. 1919 | Jan.-Mar. 1918 | Jan.-Mar. 1917 |
| | tons | tons | tons |
| Lump coal | 344,616 | 499,802 | 590,813 |
| Slack coal | 77,753 | 86,945 | 138,046 |
| Cokes | 523 | 842 | 612 |
| Total | 412,892 | 587,589 | 729,471 |
| | IMPORTS. | | |
| Coal | 203,055 | 222,024 | 146,535 |
| Cokes | 14,198 | 17,447 | 2,265 |
| Total | 217,253 | 239,471 | 148,800 |

The gradual decrease seen in exports is attributed chiefly to the abnormal rise in the price of coal at home and fluctuations in imports are accounted

for by the disorder caused in the industrial world of Japan mainly due to the conclusion of the armistice.

Kailan Mining Administration.—Recent figures of production of the Company's mines are as follows:—

| Week Ending | Production | Sales |
|-------------|-------------|-------------|
| June 21 | 71,418 tons | 82,563 tons |
| June 28 | 72,309 " | 86,173 " |
| July 5 | 71,787 " | 75,923 " |
| July 12 | 75,611 " | 62,859 " |
| July 19 | 76,249 " | 80,448 " |

FINANCIAL

New Japanese Companies.—The number of companies newly established throughout Japan during June last totalled 1,006 with an aggregate capital of Yen 47,322,702. The number of new companies established since the beginning of the year up to June reached 2,930 with an aggregate capital of Yen 199,349,669, representing a decrease of 324 in the number of companies and of Yen 78,366,357 in capital, as against the same period last year. Details are as follows:—

| | Number | Capital (In Yen 1,000) |
|----------------|--------|---------------------------|
| Commercial | 1,285 | 76,050 |
| Industrial | 1,118 | 68,969 |
| Mining | 57 | 22,108 |
| Agricultural | 88 | 4,301 |
| Forestry | 49 | 2,244 |
| Fishery | 11 | 1,116 |
| Transportation | 66 | 19,921 |
| Miscellaneous | 154 | 4,636 |

National Loans of Japan.—According to an official report, at the end of June last, the amount of domestic and foreign loans of Japan was Yen 1,351,825,976 and Yen 1,311,137,726 respectively, making a total of Yen 2,662,963,702. Besides, exchequer notes issued by the Government stood at Yen 472,845,325.

Release of Surplus Customs Revenue.—Surplus Customs revenue amounting to Hk. Tls. 3,200,000 was released to the Government on July 3, at Shanghai. The actual amount of surplus revenue was Hk. Tls. 4,550,000 but only Tls. 3,200,000 was released, the balance being reserved by the Customs Administration for contingent purposes. The Central Government appropriated Tls. 500,000 for the use of the Military Government at Canton. The Chinese Government applied to the Diplomatic Corps in June for the release. On 30th of June, all the Allied Ministers have agreed to the release except the Italian Minister, who intimated that he would agree to the release if the Passeri case was settled in accordance with the judgment of the Shanghai Mixed Court, which was to the effect that the Chinese Government should pay the sum of \$200,000 to Mr. Passeri as commission in connection with the liquidation of the Deutsch-Asiatische Bank at Shanghai. The Chinese Government at once replied to the Italian Minister rejecting the demand, remarking that the Passeri case should not be mixed with the question of the Customs surplus.

Asia Bank to Open Two More Branches.—The Manila Branch of the Asia Banking Corporation has been opened, and a desirable location for offices in Canton is now being sought.